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## Issue Preclusion - Recognizing Foreign Judgments in United States Patent Infringement Suits: A New Approach, 26 J. Marshall L. Rev. 627 (1993)

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## NOTE

### ISSUE PRECLUSION—RECOGNIZING FOREIGN JUDGMENTS IN UNITED STATES PATENT INFRINGEMENT SUITS: A NEW APPROACH

#### INTRODUCTION

Issue preclusion<sup>1</sup> is a powerful tool which judges use to end repetitive litigation when a court has decided the same issue in a former suit.<sup>2</sup> United States courts apply issue preclusion to civil suits<sup>3</sup> as well as civil administrative proceedings.<sup>4</sup> Issue preclusion can

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1. Issue preclusion, generally, is divided into the two following categories: (1) direct estoppel, which is the preclusive effect of previously determined issues in a subsequent action between the parties on the same claim; and (2) collateral estoppel, which is the preclusive effect of previously determined issues in a subsequent action between the parties on a different claim. *Young Eng'rs, Inc. v. United States Int'l Trade Comm'n*, 721 F.2d 1305, 1314 (Fed. Cir. 1983) (citing RESTATEMENT (SECOND) OF JUDGMENTS § 27 (1982)). In addition, court decisions and commentary regarding the law of issue preclusion and claim preclusion have often mixed these two doctrines together under the heading "res judicata." STEPHEN C. YEAZELL ET AL., *CIVIL PROCEDURE* 887-88 (3d ed. 1992); 1B JAMES W. MOORE ET AL., *MOORE'S FEDERAL PRACTICE* I-3 n.14 (2d ed. 1993). Today, however, it is more common to use the term "res judicata" to refer to "claim preclusion," and the term "collateral estoppel" to refer to "issue preclusion." STEPHEN C. YEAZELL ET AL., *supra*, at 887; 1B JAMES W. MOORE, *supra*, at I-3 n.14. The Supreme Court acknowledges and follows the more recent terminology. *See University of Tenn. v. Elliot*, 478 U.S. 788, 797 (1986) (using the term issue preclusion instead of collateral estoppel); *Migra v. Warren Sch. Bd. of Educ.*, 465 U.S. 75, 77 n.1, 81 (1984) (explaining the preclusion definitions in terms of issue preclusion and claim preclusion); *United States v. Mendoza*, 464 U.S. 154, 159 n.3 (1984) (acknowledging the restatement's use of the terms issue preclusion and claim preclusion).

2. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 (1979) (holding that an adverse party to issues decided in an equitable action is precluded from relitigating the same issues before a jury in a subsequent action brought by a new party).

3. *See Blonder-Tongue Lab., Inc. v. University of Ill. Found.*, 402 U.S. 313 (1971) (allowing the petitioner to amend his pleadings in the Federal District Court and to assert an argument of issue preclusion in civil patent litigation).

4. *See United States v. Utah Constr. Co. & Mining Co.*, 384 U.S. 394, 422 (1966) (stating that an agency "acting in its judicial capacity" has the power to render final judgments, and that courts use these judgments as preclusive); ROBERT L. HARMON, *PATENTS AND THE FEDERAL CIRCUIT* § 16.5(a), at 619-20 (2d ed. 1991) (citing *Graybill v. United States Postal Serv.*, 782 F.2d 1567 (Fed. Cir. 1986)).

have a severe effect upon the parties involved in litigation.<sup>5</sup> For example, if litigation concerns an issue that a court has already decided in a previous lawsuit, the litigation may be over before it even begins.<sup>6</sup>

In the area of patent<sup>7</sup> law, the Supreme Court accepts and applies the issue preclusion doctrine because it promotes judicial economy and finality of dispute resolution.<sup>8</sup> The Court of Appeals for the Federal Circuit<sup>9</sup> also accepts the doctrine and takes a reasoned, yet apprehensive approach to precluding issues previously litigated in a former United States lawsuit.<sup>10</sup> However, the Federal Circuit takes a bold and decisively negative approach against applying issue preclusion in patent cases where the former decision involved patent litigation from a foreign country.<sup>11</sup> The Federal Circuit bases its stern view against recognizing foreign patent judgments on the broad proposition that the patent laws of the United States and the patent laws of foreign countries are not the same.<sup>12</sup>

However, as the patent laws of the United States move closer toward the patent laws of foreign countries, the possibility of using foreign judgments to preclude issues in United States patent litigation becomes more plausible. At the present time, harmonization of the patent laws throughout the industrial nations is not merely a hypothetical possibility; the push is a real one and is currently

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5. See *Mother's Restaurant Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566 (Fed. Cir. 1983) (holding that the petitioner was precluded from arguing the issue of whether its tradename was confusingly similar with the respondent's tradename, and holding that the petitioner was precluded from arguing the issue of priority, based on a previous state court decision on these issues).

6. *Id.*

7. A patent is a grant from the government which gives the patentee the "right to exclude others from making, using, and selling" an invention for a 17 year period within the United States and its territories. 35 U.S.C. § 154 (1988).

8. *Blonder-Tongue Lab., Inc. v. University of Ill. Found.*, 402 U.S. 313, 334-38 (1971) (explaining and summarizing the high costs of patent litigation and using this information in its decision to allow the use of issue preclusion).

9. The Court of Appeals for the Federal Circuit was created in 1982. THE UNITED JUDICIAL CONF. COMM. ON THE BICENTENNIAL OF THE CONSTITUTION OF THE U.S., THE U.S. CT. OF APP. FOR THE FED. CIR. — A HISTORY — 1982-1990 7 (1991). The Court of Appeals for the Federal Circuit replaced the United States Court of Claims and the United States Court of Customs and Patent Appeals and gained the exclusive jurisdiction over district court appeals in patent cases. *Id.* at 1, 7. This Note will refer to this court as the "Federal Circuit."

10. See *infra* note 143 for a discussion of several cases that give insight to the Federal Circuit's view on the extent to which a court should recognize decisions from other United States courts.

11. See *infra* notes 147-71 and accompanying text for a discussion of the Federal Circuit's view on recognizing foreign judgments.

12. See, e.g., *Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903, 907-08 (Fed. Cir. 1986) (stating that an issue preclusion argument using a German court's decision is "specious").

underway.<sup>13</sup> The World Intellectual Property Organization ("WIPO"), a branch of the United Nations, is sponsoring international negotiations for a treaty which will move the United States patent laws toward harmony with the patent laws of foreign nations.<sup>14</sup> These negotiation efforts fall within a supplemental agreement to the Paris Convention for the protection of industrial property throughout the world.<sup>15</sup> In addition, the American Intellectual Property Law Association ("AIPLA") and the American Bar Association generally support the movement if the negotiating parties sufficiently balance the interests of the countries involved.<sup>16</sup> However, until the United States patent laws move closer to the patent laws of foreign nations, the Federal Circuit may not be willing to move away from its firm view against recognizing foreign judgments.

Nonetheless, in August of 1990, the United States District Court for the Northern District of Illinois recognized a Canadian judgment<sup>17</sup> and used it to preclude issues in *Vas-Cath Inc. v. Mahurkar*.<sup>18</sup> The district court approached the topic of recognizing the foreign judgment in a more reasoned and explanatory manner than the Federal Circuit.<sup>19</sup> The portion of the district court's opinion which relied on the Canadian judgment related to patent in-

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13. Karen M. Curesky, *International Patent Harmonization Through WIPO: An Analysis of the U.S. Proposal to Adopt a "First-To-File" Patent System*, 21 LAW & POL'Y INT'L BUS. 289-90 (1989) (discussing several of the harmonization proposals existing in 1989 and suggesting that the United States should encourage the negotiation efforts).

14. *Id.* at 289.

15. See John Richards, *Trade Related Intellectual Property Issues (TRIPS)*, 72 J. PAT. & TRADEMARK OFF. SOC'Y 906, 906-13 (1990) (summarizing the history of GATT and the Uruguay Round).

16. Curesky, *supra* note 13, at 294; see generally Edward G. Fiorito, *The "Basic Proposal" for Harmonization of U.S. and Worldwide Patent Laws Submitted by WIPO*, 73 J. PAT. & TRADEMARK OFF. SOC'Y 83 (1991) (explaining the proposal and pointing out the disputed portions of the agreement which were not agreed upon as of December of 1990). The Committee of Experts on the Harmonization of Certain Provisions in Laws for the Protection of Inventions met in May of 1992 at the WIPO headquarters and updated the Trade-Related Aspects of Intellectual Property Rights ("TRIPS") Agreement, the intellectual property portion of the ongoing negotiations. *Review of the Individual Texts in the Draft Final Act*, Informal Note by the Secretariat (Trade-Related Aspects of Intellectual Property Rights) WIPO (June 2, 1992) (unpublished notes on the treaty proposal, on file with the author). The President and Congress have not yet voted to approve the TRIPS agreement. See *id.* (implying such by negative reference).

17. *Mahurkar v. Vas-Cath of Canada Ltd.*, [1988] 18 C.P.R. (3d) 417 (F.C.T.D.), *aff'd*, [1990] 32 C.P.R. (3d) 409 (F.C.A.). The lower Canadian court opinion exists in the Canadian Patent Reporter, Third Series (C.P.R.) (3d).

18. 745 F. Supp. 517, 530-31 (N.D. Ill. 1990), *rev'd on other grounds*, 935 F.2d 1555 (Fed. Cir. 1991).

19. See *infra* notes 67-106, 147-71 and accompanying text for a discussion of the *Vas-Cath* opinion and the Federal Circuit's view on recognizing foreign judgments, respectively.

fringement<sup>20</sup> and the validity of the patent itself.<sup>21</sup> The Northern District of Illinois applied issue preclusion because the patent claims in the United States patent and the Canadian patent were substantially the same, and because the differences between the United States patent laws and the Canadian patent laws were not important.<sup>22</sup>

The district court's new approach in recognizing the Canadian judgment not only conflicts with precedent opposing the use of issue preclusion in a patent infringement suit,<sup>23</sup> but also conflicts with commentary generally criticizing the use of foreign judgments to preclude issues in a United States courtroom.<sup>24</sup> However, the district court's view, which gives recognition to foreign patent judgments, is a positive step in the right direction. On appeal, the Federal Circuit reversed a part of the district court's partial summary judgment ruling which was unrelated to the district court's recognition of the Canadian judgment.<sup>25</sup> Thus, in failing to address the district court's recognition of a foreign judgment, the Federal Circuit left its broad negative view on this topic unchanged.

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20. Patent infringement is the "unauthorized invasion of a patent owner's exclusive rights" to a patent. DONALD S. CHISUM & MICHAEL A. JACOBS, UNDERSTANDING INTELLECTUAL PROPERTY LAW § 2F, at 2-233 (1992); see 4 DONALD S. CHISUM, PATENTS §§ 16.01-16.02 (1993) (discussing the rights conferred to a patentee). Since the claims of a patent define the scope of the exclusive rights, the focus of an infringement charge is on the acts of the defendant with respect to the scope of the patent claims. CHISUM & JACOBS, *supra*, § 2F, at 2-233. Specifically, an individual infringes another's exclusive rights to a patent when she makes, uses, or sells another's patented invention, as defined by the issued patent claims, within the exclusive term of the patent. 35 U.S.C. § 271 (1988).

21. *Vas-Cath*, 745 F. Supp. at 524-31. In order for a patentee to be successful in a charge of patent infringement, she usually must overcome the defense of invalidity. CHISUM & JACOBS, *supra* note 20, § 2F[4][a], at 2-281. The defense of invalidity basically alleges that the invention does not meet the requirements of patentability. *Id.* An invention must meet four conditions in order for an inventor to obtain a patent. *Id.* at 2-18. "The invention must be (1) in a statutory subject matter category, (2) useful, (3) novel in relation to the prior art, and (4) not obvious from the prior art to a person of ordinary skill in the art at the time the invention was made." *Id.*

22. *Vas-Cath*, 745 F. Supp. at 524-31 (discussing the differences between the United States patent laws and the Canadian patent laws, and applying preclusion to several issues).

23. *Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903, 907-08 (Fed. Cir. 1986) (refusing to give any effect to a German court's decision that the German counterpart patent was valid with respect to the obviousness requirement).

24. See Robert C. Casad, *Issue Preclusion and Foreign Country Judgments: Whose Law?*, 70 IOWA L. REV. 53, 59 (1984) (citing Hans Smit, *International Res Judicata and Collateral Estoppel in the United States*, 9 UCLA L. REV. 44, 62 (1962) for the proposition that differences may exist in substantive, procedural, and evidentiary rules as well as schooling of judges in the foreign country).

25. *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1567 (Fed. Cir. 1991) (reversing the district court's opinion concerning patents unrelated to the patents to which the district court applied issue preclusion).

Part I of this Note presents the *Vas-Cath* holding and its appeal to the Federal Circuit. Part II addresses the policies behind recognizing domestic and foreign judgments through issue preclusion and the state of the law with respect to recognizing foreign judgments in United States patent infringement suits. Finally, Part III suggests a new approach for determining whether to recognize a foreign patent judgment and analyzes *Vas-Cath* according to this new approach.

## I. AN OVERVIEW OF THE *VAS-CATH* HOLDING

This section provides an overview of the United States district court's *Vas-Cath* holding, as well as the pertinent portions of the Canadian judgment. First, this section discusses the main facts of the case, the parties to the lawsuit, and the patents at issue. Second, this section examines the relevant portion of the Canadian judgment. Third, this section presents the *Vas-Cath* holding and its appeal.

### A. *The Parties and the Patents*

*Vas-Cath* is an Ontario corporation involved in the production of medical products, and it holds several patents in the medical-product industry in both the United States and Canada.<sup>26</sup> In particular, *Vas-Cath* manufactures dual-lumen hemodialysis catheters,<sup>27</sup> the invention at issue in both the United States and Canadian decisions.<sup>28</sup> Dr. Mahurkar is a physician and an Associate Professor at the University of Chicago Medical School and also holds several patents on this type of catheter, both in the United States and in Canada.<sup>29</sup>

Both the Canadian case and the United States case involved two patents. The first patent is Dr. Mahurkar's Canadian patent No. 1,193,508 ('508) and the second patent is Mahurkar's United States patent No. 4,583,968 ('968).<sup>30</sup> The invention claimed in both

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26. *Vas-Cath*, 745 F. Supp. at 520; *Mahurkar*, 18 C.P.R. (3d) at 421.

27. A dual-lumen catheter allows a patient to undergo treatment with less discomfort. *Vas-Cath*, 745 F. Supp. at 518-19. This type of catheter increases comfort by allowing for blood removal and return of the blood (in purified form) through a single insertion into a patient. *Id.* at 519. There are other design benefits as well. *Id.* at 518-19.

28. *Id.* at 517, 520, 524.

29. *Id.* at 520, 524; *Mahurkar*, 18 C.P.R. (3d) at 420.

30. *Vas-Cath*, 745 F. Supp. at 524. The United States '968 patent claims are listed below. The corresponding Canadian '508 patent differences are bracketed within the United States claims. The additional Canadian claims which are not in the United States patent are identified below as well. Furthermore, the corresponding Canadian claim numbers are mentioned after each United States claim.

[U.S. '968 Patent]

patents is a dual-lumen catheter which affords hemodialysis pa-

1. A double lumen catheter comprising an elongated [unitary] cylindrical tube [having a longitudinal planar septum of one-piece construction with said tube, said septum dividing the interior of said tube into first and second lumens], the proximal end of said cylindrical tube connecting to two separate tubes communicating with the respective first and second lumens for the injection and removal of fluid, the first lumen extending from the proximal end of said cylindrical tube to an opening at the distal end of said cylindrical tube, and the second lumen extending from the proximal end of said cylindrical tube to at least one opening in the side of the cylindrical surface of said cylindrical tube, [said opening to said second lumen being axially spaced from the distal end of said cylindrical tube], said cylindrical tube having at its distal end a smooth conical tapered tip that smoothly merges with the cylindrical surface of said cylindrical tube around the entire circumference of said tube, [said first lumen and the internal wall thereof formed by said septum extending continuously through said conical tapered tip], and having a uniform diameter along its entire length from its proximal end to said conical tapered tip. [United States claim is substantially the same as Canadian claim 1.]
2. The double lumen catheter as claimed in claim 1, wherein the cylindrical surface of said cylindrical tube includes at least one side hole exposing said second lumen that is axially spaced between the opening to said second lumen and the proximal end of said cylindrical tube and is circumferentially disposed on the same side of the cylindrical tube as the opening to said second lumen. [United States claim is identical to Canadian claim 4.]
3. The double lumen catheter as claimed in claim 1, wherein said conical tapered tip comprises a concentration of material substantially exceeding the concentration of material in the cylindrical body of said cylindrical tube. [United States claim is identical to Canadian claim 5.]
4. The double lumen catheter as claimed in claim 1, wherein said cylindrical tube comprises a relative concentration of material extending axially from said opening in the side of said cylindrical surface of said cylindrical tube to the distal end of said cylindrical tube. [United States claim is identical to Canadian claim 6.]
5. The double lumen catheter as claimed in claim 1, wherein said second lumen terminates at said opening in the side of said cylindrical surface of said cylindrical tube, and a relative concentration of material extends axially from said opening in the side of said cylindrical surface of said cylindrical tube to the distal end of said cylindrical tube. [United States claim is substantially the same as Canadian claim 7, which also incorporates material bracketed in United States claim 1.]
6. The double lumen catheter as claimed in claim 1, wherein the apex of said conical tip is substantially aligned with the axis of said cylindrical tube. [United States claim is identical to Canadian claim 8.]
7. The double lumen catheter as claimed in claim 1, wherein the length of said conical tip is at least approximately two diameters of said cylindrical tube. [United States claim is identical to Canadian claim 9.]
8. The double lumen catheter as claimed in claim 1, wherein the first and second lumens are semicircular. [United States claim is identical to Canadian claim 10.]
9. The double lumen catheter as claimed in claim 1, wherein the proximal end of said cylindrical tube is connected to said separate tubes by a connector including a sleeve coaxial with said cylindrical tube at the junction of the coaxial tube and the connector. [United States claim is identical to Canadian claim 11.]
10. A double lumen catheter as claimed in claim 1, wherein the opening at the distal end of said cylindrical tube is eccentric with respect to the axis of

the conical tapered tip. [United States claim is identical to Canadian claim 12.]

11. The double lumen catheter as claimed in claim 1, wherein the wall thickness of the conical tapered tip is eccentric with respect to the axis of the conical tapered tip. [United States claim is identical to Canadian claim 13.]

12. A double lumen catheter comprising an elongated cylindrical tube including a planar axial divider bisecting said cylindrical tube into first and second lumens, the proximal end of said cylindrical tube connecting two separate tubes communicating with the respective first and second lumens for the injection and removal of fluid, the first lumen extending from the proximal end of said cylindrical tube to a first opening at the distal end of said cylindrical tube, the second lumen extending from the proximal end of said cylindrical tube to a second opening in the side of the cylindrical surface of said cylindrical tube, said second lumen terminating at said second opening and a relative concentration of material extending axially from the second opening to the distal end of said cylindrical tube, the distal end of said cylindrical tube having a smooth conical tapered tip that smoothly merges with the cylindrical surface of said cylindrical tube, the cylindrical surface of said cylindrical tube having at least one side hole exposing said first lumen axially spaced between said second opening and said conical tapered tip and circumferentially disposed on the opposite side of said cylindrical tube as said second opening, and the cylindrical surface of said cylindrical tube having at least one side hole exposing said second lumen axially spaced between said second opening and the proximal end of said cylindrical tube and circumferentially disposed on the same side of said cylindrical tube as said second opening. [United States claim is identical to Canadian claim 14.]

13. The double lumen catheter as claimed in claim 12, wherein the apex of said conical tip is substantially aligned with the axis of said cylindrical tube. [United States claim is identical to Canadian claim 15.]

14. The double lumen catheter as claimed in claim 12, wherein the length of said conical tip is at least approximately two diameters of said cylindrical tube. [United States claim is identical to Canadian claim 16.]

15. The double lumen catheter as claimed in claim 12, wherein the first opening in the distal end of said cylindrical tube is eccentric with respect to the axis of the conical tapered tip. [United States claim is identical to Canadian claim 17.]

16. The double lumen catheter as claimed in claim 12, wherein the wall thickness of the conical tapered tip is eccentric with respect to the axis of the conical tapered tip. [United States claim is identical to Canadian claim 18.]

17. The double lumen catheter as claimed in claim 12, wherein the first and second lumens are semicircular. [United States claim is identical to Canadian claim 19.]

18. The double lumen catheter as claimed in claim 12, wherein the proximal end of said cylindrical tube is connected to said separate tubes by a connector including a sleeve coaxial with said cylindrical tube at the junction of the connector and said cylindrical tube. [United States claim is identical to Canadian claim 20.]

19. A double lumen catheter comprising an elongated unitary tube including an integral [septum] extending axially along the entire length of the tube and dividing [the interior of] said tube into a first and second lumen, the outer circumference of said tube converging smoothly at the distal end portion of said tube defining a truncated cone, the first lumen opening at the truncated apex of said cone, and the second lumen being shorter in axial length than the first lumen and opening upon the outer circumference of said tube, said tube having a uniform diameter from its distal end portion to proximally beyond the opening of the second lumen upon the



tients less discomfort.<sup>31</sup> These two combination patents<sup>32</sup> are for the same invention. Although the claim language of the two patents, which defines the scope of the patent rights, is not identical, it

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outer circumference. [United States claim is substantially the same as Canadian claim 21.]

20. The double lumen catheter as claimed in claim 19, wherein the first lumen is eccentric to the axis of said cone. [United States claim is identical to Canadian claim 22.]

21. The double lumen catheter as claimed in claim 19, wherein said second lumen opens upon the outer circumference of said tube at a plurality of openings having scaphoid margins. [United States claim is identical to Canadian claim 23.]

22. The double lumen catheter as claimed in claim 19, [wherein said second] lumen opens upon the outer [circumference] of said tube at a plurality of holes. [United States claim corresponds generally to Canadian claim 24, but is substantially different.]

23. The double lumen catheter as claimed in claim 19, wherein said first and second lumens are semicircular. [United States claim is identical to Canadian claim 25.]

24. The double lumen catheter as claimed in claim 19, further comprising a branching connector at the proximal end of said tube including sleeve coaxial with said tube at the junction of said tube and the branching connector. [United States claim is identical to Canadian claim 26.]

25. A double lumen catheter comprising an elongated unitary cylindrical tube having a longitudinal planar septum of one-piece construction with said tube, said septum dividing the interior of the tube into first and second lumens, the proximal end of said cylindrical tube connecting to two separate tubes communicating with the respective first and second lumens for the injection and removal of fluid, the first lumen extending from the proximal end of said cylindrical tube to an opening at the distal end of said cylindrical tube, and the second lumen extending from the proximal end of said cylindrical tube to at least one opening in the side of the cylindrical surface of said cylindrical tube, said opening to said second lumen being axially spaced from the distal end of said cylindrical tube, said cylindrical tube having at its distal end a smooth conical tapered tip that smoothly merges with the cylindrical surface of said cylindrical tube around the entire circumference of said tube, said first lumen and the internal wall thereof formed by said septum extending continuously through said conical tapered tip, and wherein said cylindrical tube comprises a relative concentration of material extending axially from said opening in the side of said cylindrical surface of said cylindrical tube to the distal end of said cylindrical tube. [United States claim does not exist in Canadian patent.]

Dr. Sakharam D. Mahurkar, United States Patent No. 4,583,968 (1986); cf. Dr. Sakharam D. Mahurkar, Canadian Patent No. 1,193,508 (1985). Canadian patent claims 2 and 3 fill in most of the bracketed differences from United States patent claim 1, and Canadian claims 4 and 7 have substantially more material than their corresponding United States claims. The remainder of the claims and specification in the Canadian patent reads exactly the same as the United States patent.

31. See *Mahurkar*, 18 C.P.R. (3d) at 419, 433.

32. A combination patent pertains to specific claims which are worded to cover an invention as a "combination" of particular elements which make up the invention. 4 CHISUM, *supra* note 20, § 18.03[4], at 18-56 n.4. The United States patent laws specifically refer to "combination" patent claims in the last paragraph of section 112. 35 U.S.C. § 112 (1988). Although this paragraph refers to a different type of patent claim, it infers that a combination patent claim should include the "structure, material, or acts described in the specification." *Id.*

is substantially the same.<sup>33</sup>

### B. *The Canadian Vas-Cath Holding*

In April of 1981, Mahurkar sent Vas-Cath some materials in conjunction with the development of a new catheter design.<sup>34</sup> Vas-Cath then began to sell a similar type of catheter in Canada, and Mahurkar claimed that Vas-Cath's design infringed his patent.<sup>35</sup> As a result, Mahurkar brought suit against Vas-Cath in Canada claiming that Vas-Cath was infringing his '508 Canadian patent.<sup>36</sup> "In defense, Vas-Cath asserted that Mahurkar's patent was invalid."<sup>37</sup> Additionally, Vas-Cath alleged that even if Mahurkar's patent were valid, its catheter did not infringe the patent.<sup>38</sup>

The Canadian federal court, in determining whether the patent was valid, held that Mahurkar's '508 patent claims 1-6, 8-10, 12, 13, 17, and 21-25 were invalid because these patent claims attempted to claim an invention which was not enabled<sup>39</sup> by the invention described in the disclosure.<sup>40</sup> Furthermore, the court held that Mahurkar's '508 patent claims 7, 14, 15, 16, 18, and 19 were valid and that Vas-Cath infringed these patent claims.<sup>41</sup> Claims 11, 20, and 26 were not at issue in the Canadian case.<sup>42</sup> In reaching its decision, the Canadian court litigated four issues which were relevant to the subsequent United States case.

#### 1. *The Novelty Analysis*

Vas-Cath's allegation that the '508 patent was not valid included the defense that the invention was not novel<sup>43</sup> in light of the

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33. See *supra* note 30 for the exact wording and the specific differences between the Canadian and United States patents.

34. *Vas-Cath*, 745 F. Supp. at 524.

35. *Id.*

36. *Id.*

37. *Id.*

38. *Id.*

39. See *infra* notes 214-17 and accompanying text for a discussion of Canadian enablement and disclosure requirements.

40. *Mahurkar*, 18 C.P.R. (3d) at 442-44.

41. *Id.* at 444.

42. *Id.*

43. The Canadian court and the United States district court phrased the lack of novelty defense in terms of prior art anticipation. See *Mahurkar*, 18 C.P.R. (3d) at 442-44; *Vas-Cath*, 745 F. Supp. at 517. However, this phrasing is only a reverse way of asserting the same defense because an invention which is not novel is also an invention which is anticipated by the prior art. CHISUM & JACOBS, *supra* note 20, § 2C[3][a], at 2-54; 1 CHISUM, *supra* note 20, § 3.01, at 3-4 to 3-5. For example, when a defendant in a patent infringement suit claims that he is not infringing the plaintiff's patent because the patent is not novel and thus invalid, the defendant is also claiming that the plaintiff's patent is anticipated by a prior art reference (possibly another patent).

prior art.<sup>44</sup> In general, prior art is information in the public domain which can prevent an "inventor" from obtaining a patent on her device because the invention is already in the public domain in the same or similar form.<sup>45</sup> Consequently, the Canadian court first de-

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44. *Mahurkar*, 18 C.P.R. (3d) at 430. "Prior art" is a term of art used to test the validity of a patent. CHISUM & JACOBS, *supra* note 20, § 2C[5], at 2-83. Generally, the term prior art means "any relevant knowledge, acts, descriptions and patents which pertain to, but predate, [the] invention in question," and can be used by the patent office or court to reject the patent application or patent in question. BLACK'S LAW DICTIONARY 1193 (6th ed. 1990). In the United States, the term encompasses different meanings depending on the subsection of the patent statute under consideration. For example, the prior art considered in the nonobviousness determination, 35 U.S.C. § 103 (1988), includes several subsections of section 102. CHISUM & JACOBS, *supra* note 20, § 2C[5], at 2-83 n.301. The prior art definition under the nonobviousness requirement includes combinations of the following:

1. A printed publication or patents anywhere:
  - (a) by another if dated before the inventor's invention date, or
  - (b) by the inventor if dated more than one year before the date the inventor applies for a patent.
2. Anything in public use or on sale in the United States by the inventor or anyone else if dated more than one year before the date the inventor applies for a patent.
3. Anything in secret commercial use by the inventor if dated more than one year before the date the inventor applies for a patent.
4. Anything "known or used" in a publicly accessible form in the United States by another if dated before the inventor's invention date.
5. Anything described in a United States patent, regardless of when it issues, by another if the application for that patent was filed in the United States before the inventor's invention date.
6. Anything invented in the United States by another if dated before the inventor's invention date.

*Id.* at 2-84. In the determination of novelty, only one piece of prior art at a time is compared to the new invention. *Id.* at 2-52. Thus, the scope of the prior art viewed may be similar to the nonobviousness determination, but the prior art references cannot be combined in order to nullify a patent under the novelty determination. *Id.* at 2-53.

In Canada, an invention must be novel for the inventor to obtain a patent on the invention. *Mahurkar*, 18 C.P.R. (3d) at 430. The standard which the Canadian courts use to determine if an invention is novel reads as follows: "For a prior document or patent to anticipate a patent whose validity is attacked, the former must be so clear and so apposite as inevitably to lead skilled workmen to the latter." *Id.* The Canadian court suggests that an invention remains novel when "a skilled person reading [the prior art] would not 'in every case and without possibility of error be led to' the invention in issue." *Id.* at 431 (citing *Beloit Canada Ltd. v. Valmet Oy* [1986], 8 C.P.R. (3d) 289, 297 (F.C.A.)).

45. See *supra* note 44 for the specific prior art definitions. Generally, an inventor cannot get a patent on an "invention" if the invention already exists in the public domain (i.e., if the invention exists in the prior art). This is because the main goal of patent law is to promote innovation and the progress of science. 1 CHISUM, *supra* note 20, § 3.01, at 3-4 to 3-5 n.8 (citing *Bonito Boats Inc. v. Thunder Craft Boats Inc.*, 489 U.S. 141 (1989)); see CHISUM & JACOBS, *supra* note 20, at 1-8. If inventors could benefit from obtaining patents on concepts which are already in the public domain, then scientific progress would diminish. Thus, the United States government will only grant an inventor the right to exclude others from making, using, and selling an invention if the invention does not already exist in the public domain. See 1 CHISUM, *supra* note 20, § 3.01,

terminated the date of invention for the '508 patent.<sup>46</sup> Using this finding, the court considered prior art before this date to determine whether the '508 patent was novel.<sup>47</sup> The court concluded that the prior art before the date of invention demonstrated that the invention was novel.<sup>48</sup> The court reasoned that the '508 patent claims 7 and 14 referred to a catheter tube which was bisected into two equally-sized lumens that tapered toward the tip, and that the argued prior art references did not claim these features.<sup>49</sup> According to the court's interpretation of expert witnesses, the purpose of the tapered end differentiated the '508 patent from the argued prior art references.<sup>50</sup>

## 2. The Obviousness Analysis

Vas-Cath's allegation that the '508 patent was not valid also included the argument that the patent was obvious<sup>51</sup> in light of the prior art.<sup>52</sup> In determining whether the patent was obvious, the Canadian Court considered testimony from an expert witness that a problem existed with catheter designs in the catheter industry.<sup>53</sup> Mahurkar's invention solved a catheter industry problem and the invention sustained substantial commercial success.<sup>54</sup> These factors, being relevant to the nonobviousness of the patentability of an

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at 3-4 (discussing novelty and referencing obviousness). This is called the *quid pro quo* of patent law; the inventor must give something "new" to the public in return for the right to exclude others. *Id.*

46. *Mahurkar*, 18 C.P.R. (3d) at 425-30 (deciding the date of invention based on priority of invention in favor of Mahurkar).

47. *Id.* at 430-32. In Canada, only the prior art before the date of invention is considered in the determination of novelty and obviousness. *Id.* at 435.

48. *Mahurkar*, 18 C.P.R. (3d) at 432.

49. *Id.* at 430-32.

50. *Id.* at 431-32.

51. In Canada, an invention must also be nonobvious in order for an inventor to obtain a patent. *Mahurkar*, 18 C.P.R. (3d) at 432. The standard which the Canadian courts use to determine if an invention is obvious is as follows:

The test for obviousness is not to ask what competent inventors did or would have done to solve the problem. Inventors are by definition inventive. The classical touchstone for obviousness is the technician skilled in the art but having no scintilla of inventiveness or imagination; a paragon of deduction and dexterity, wholly devoid of intuition; a triumph of the left hemisphere over the right. The question to be asked is whether this mythical creature (the man in the Clapham omnibus of patent law) would, in the light of the state of the art and of common general knowledge at the claimed date of invention, have come directly and without difficulty to the solution taught by the patent.

*Id.*

52. *Mahurkar*, 18 C.P.R. (3d) at 432.

53. *Id.* at 432-36 (discussing witness testimony which proved that there was an unmet need for catheters that facilitated continuous hemodialysis).

54. *Id.* at 436 (stating that there was "rapid acceptance of th[e] product" into the market and that the product provided millions of dollars in sales over a four year period).

invention in Canada, persuaded the court to conclude that the invention was not obvious and not invalid.<sup>55</sup>

### 3. *The Enablement Analysis*

Vas-Cath additionally alleged that the patent was not valid because the patentee did not disclose enough information in the specification to sufficiently support the claimed invention.<sup>56</sup> In particular, Vas-Cath alleged that the specification failed to disclose information concerning where to obtain and how to create a specific portion of the invention claimed in Mahurkar's Canadian patent claims 5, 6, 7, and 14 as of the 1984 priority date<sup>57</sup> for the '508 patent.<sup>58</sup> The Canadian court considered expert testimony on this issue and determined that persons skilled in the art knew about the materials and the creation techniques, and that the disclosure "enabled one to practice" the invention.<sup>59</sup> Thus, the court held that these patent claims were valid with respect to the disclosure enabling a person skilled in the art to practice the invention as of the 1984 priority date.<sup>60</sup>

### 4. *The Invalidity Holding*

Notwithstanding Vas-Cath's previous unsuccessful attacks on Mahurkar's '508 patent, the Canadian court invalidated several of the patent claims because they did not include all of the essential features of the combination patent.<sup>61</sup> The court held that the in-

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55. *Id.*

56. *Id.* at 436-37. In Canada, the patent specification must describe the invention and its operation or use. *Id.* at 437. The specification includes both the claims and the disclosure; a Canadian court should look to both of these in order to determine if the claims are enabled. *Id.* In addition, the specification should be interpreted as a whole in the eyes of one skilled in the art at the time the patent issued. *Id.* Furthermore, a Canadian court should not be too technical in its determination. *Id.*

57. In Canada, the patent laws take into consideration all prior art before the date of invention (the priority date). *Vas-Cath*, 745 F. Supp. at 529. In the United States, under 35 U.S.C. § 102(b) (1988), the patent laws take into consideration all prior art prior to one year before the patent application filing date (the priority date). *Id.*

58. *Mahurkar*, 18 C.P.R. (3d) at 436-37.

59. *Id.* at 437-38.

60. *Id.* at 438.

61. *Id.* at 444. An invention can consist of a combination of particular elements. A type of patent claim exists to cover just such an invention. A patent claim which covers this type of an invention is called a "combination" patent claim. See *supra* note 32 for a definition of a combination patent. If the claimed invention is a combination of elements, the patent claims which claim this combination must include all of the elements. See *Mahurkar*, 18 C.P.R. (3d) at 442-43. If the claim is missing an element of the invention as described in the disclosure, a Canadian court will invalidate the claim. *Id.*

vention consisted of four essential elements.<sup>62</sup> Since the '508 patent claims 7, 14-16, 18, and 19 included all of these essential elements, the court found that these claims were valid.<sup>63</sup> However, since claims 1-6, 8-10, 12, 13, 17, and 21-25 did not each include all four essential elements and they did not meet the requirements of a combination claim, the court found that the claims were invalid.<sup>64</sup> The court also found that Vas-Cath infringed the valid claims and entered judgment accordingly.<sup>65</sup> On appeal, the Federal Court of Appeals of Canada affirmed this lower court's decision.<sup>66</sup>

### C. *The United States Vas-Cath Holding*

Subsequently, Vas-Cath, the defendant in the Canadian case, filed suit<sup>67</sup> in the United States seeking a declaratory judgment that its catheters did not infringe Mahurkar's United States patents.<sup>68</sup> Vas-Cath also claimed that several of Mahurkar's United States patents were invalid.<sup>69</sup> Mahurkar counterclaimed alleging that Vas-Cath infringed its United States patents.<sup>70</sup>

Judge Easterbrook<sup>71</sup> addressed Mahurkar's claim that Vas-Cath infringed its United States '968 patent in the second part of his three-part decision.<sup>72</sup> Since Mahurkar's '968 patent is substantially the same as his Canadian '508 patent, Mahurkar contended that Vas-Cath should be precluded from litigating several related issues through recognition of the Canadian judgment.<sup>73</sup> The district court acknowledged this argument and used several factual determina-

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62. *Id.* at 442. All of these elements must exist in each of the combination claims in order for those claims to be valid. See *supra* note 61 for the Canadian rule on the validity of a patent claim with missing elements of the invention.

63. *Mahurkar*, 18 C.P.R. (3d) at 444.

64. *Id.*

65. *Id.*

66. See *Vas-Cath*, 745 F. Supp. at 524.

67. Gambro Inc., the American subsidiary of Sopamed SA, which is a subsidiary of Gambro AB, a Swedish corporation, also joined with Vas-Cath Inc. in filing suit against Mahurkar. *Id.* at 520.

68. *Id.*

69. *Id.*

70. *Id.*

71. Judge Easterbrook delivered the opinion of the United States District Court. *Vas-Cath*, 745 F. Supp. at 518. Judge Easterbrook usually presides in the United States Court of Appeals for the Seventh Circuit. However, he was designated to sit for the *Vas-Cath* case in the District Court for the Northern District of Illinois. *Id.*

72. *Vas-Cath*, 745 F. Supp. at 520, 524-31. The last part of the district court's holding discussed whether Gambro Inc. was bound to the Canadian judgment based on its sublicensee status of a party to the suit. *Id.* at 531-32. The district court held that Gambro would be held to the Canadian judgment to the same extent as Vas-Cath based on preclusion of parties through the privity of contract theory. *Id.*

73. *Id.* at 524-25.

tions from the Canadian judgment to preclude those issues from argument in the United States court.<sup>74</sup>

### 1. *Preclusion of the Novelty Analysis*

Since the Canadian court considered prior art before the date of invention in determining whether the '508 patent was novel,<sup>75</sup> the United States court precluded Vas-Cath from relitigating the issue of whether the prior art before the date of invention demonstrated that the '968 patent was not novel.<sup>76</sup> The court then considered differences between United States patent law and Canadian patent law in order to justify preclusion of the prior art.<sup>77</sup>

Canadian law does not require a person skilled in the art to know about the prior art.<sup>78</sup> However, in the United States, if the prior art exists in the public, the courts impute the prior art to the knowledge of those skilled in the art.<sup>79</sup> The witnesses in the Canadian case were actually aware of the prior art.<sup>80</sup> Therefore, the United States court held that this difference was of no consequence, and that it would not consider prior art before the date of invention to show that the '968 patent was not novel.<sup>81</sup>

### 2. *Preclusion of the Obviousness Analysis*

The United States court additionally held that since the Canadian court decided that certain claims in the '508 patent were not obvious,<sup>82</sup> the corresponding claims in the United States '968 patent

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74. *Id.* at 526-31.

75. In the United States, the novelty requirement is not met if a prior art reference "anticipates" the invention. CHISUM & JACOBS, *supra* note 20, § 2C[3], at 2-52; see 1 CHISUM, *supra* note 20, §§ 3.01-3.02. An invention is anticipated under the novelty requirement if "all the elements of the claimed invention are present in a product or process disclosed, expressly or inherently, in a *single prior art reference*." CHISUM & JACOBS, *supra* note 20, § 2C[3], at 2-52 (emphasis added).

76. *Vas-Cath*, 745 F. Supp. at 527-28; see *supra* note 43 for a description of the Canadian novelty requirement.

77. *Id.* at 527-28.

78. *Id.* at 528.

79. *Id.*

80. See *supra* notes 43-55 and accompanying text for a discussion of the Canadian court novelty and obviousness analysis.

81. *Vas-Cath*, 745 F. Supp. at 528.

82. In the United States, the requirement that a patent must not be obvious is contained in 35 U.S.C. § 103. This provision states the following:

[A] patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

were also not obvious in light of the prior art.<sup>83</sup> The United States court precluded the obviousness issue because the Canadian court considered the following three points: (1) a recognized problem and unmet need existed in the catheter industry which suggested that one skilled in the art did not find the solution obvious; (2) an expert in the art did not know how to solve the problem and believed that Mahurkar's solution would not work; and (3) Mahurkar's solution swept the market, which implied an advance beyond those skilled in the art.<sup>84</sup>

The United States court also considered the differences between the obviousness requirements in the United States and Canada, and held that the requirements are nearly identical except for one aspect.<sup>85</sup> In determining obviousness, the United States imputes knowledge of all the prior art to one skilled in the art.<sup>86</sup> However, in Canada, prior art is only imputed to one skilled in the art if it reasonably could be assumed that she actually knew about the prior art.<sup>87</sup> The United States court did not consider this difference an obstacle to issue preclusion because two of the most skilled practitioners at the time, who were aware of the prior art, testified in the Canadian case that the '508 invention was not obvious.<sup>88</sup> Hence, the court recognized the Canadian obviousness determination for all prior art which the Canadian court considered.<sup>89</sup> In doing so, the court precluded Vas-Cath from arguing prior art before

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35 U.S.C. § 103 (1988). See generally 2 CHISUM, *supra* note 20, §§ 5.01-5.06. The determination of obviousness is a three part test and includes secondary considerations, all of which are described in the following passage:

While the ultimate question of patent validity is one of law, . . . § 103 [has] three conditions, each of which must be satisfied, [which are] factual inquiries. Under § 103, the scope and the content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.

Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966); see CHISUM & JACOBS, *supra* note 20, § 2C[4][a], at 2-57.

83. *Vas-Cath*, 745 F. Supp. at 529.

84. *Id.*

85. *Id.*

86. *Id.*; see CHISUM & JACOBS, *supra* note 20, § 2C[4][a], at 2-58 n.194; see generally 2 CHISUM, *supra* note 20, §§ 5.01-5.06.

87. *Mahurkar*, 18 C.P.R. (3d) at 435-36.

88. *Vas-Cath*, 745 F. Supp. at 529.

89. Compare *Vas-Cath*, 745 F. Supp. at 529 (discussing the Canadian obviousness determination and the extent to which a United States court should recognize it) with *Mahurkar*, 18 C.P.R. (3d) at 432-36 (discussing the obviousness of the Canadian patent claims).



the date of invention to show that the '968 invention was obvious.<sup>90</sup>

### 3. Preclusion of the Enablement Analysis

The United States court essentially precluded the issue of whether the specification<sup>91</sup> in the '968 patent was sufficient to allow one skilled in the art to practice the invention.<sup>92</sup> In the United States, Mahurkar was attempting to obtain a 1983 priority date<sup>93</sup> for the '968 patent.<sup>94</sup> Since the Canadian judge held that the specification in the '508 patent met the enablement requirement as of the 1984 priority date, the court was only willing to recognize this portion of the Canadian judgment if Mahurkar was willing to accept a 1984 priority date for the '968 patent due to potentially intervening prior art.<sup>95</sup>

The court considered the differences between the United States '968 patent and the Canadian '508 patent. In doing so, the court held that the differences did not affect the sufficiency of the disclosure determination because the two patents claimed the same invention elements except for claim 1 and 7 in the United States

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90. *Vas-Cath*, 745 F. Supp. at 529.

91. In the United States, an application for patent must be enabling. CHISUM & JACOBS, *supra* note 20, § 2D[3], at 2-131; see 2 CHISUM, *supra* note 20, § 7.03 (discussing the enablement requirement). A patent is enabling if the specifications and the drawings in the patent allow or "enable" a person of ordinary skill in the particular art to make and use the invention. CHISUM & JACOBS, *supra* note 20, § 2D[3], at 2-131. The specification in a patent includes "(1) a portion describing the invention, and (2) the claims." *Id.* "[T]he specification should describe completely a specific embodiment of the process, machine, manufacture, composition of matter or improvement and should explain the mode of operation or principle whenever applicable." *Id.*

92. *Vas-Cath*, 745 F. Supp. at 529-30. The court noted that in the United States, the enablement requirement must be fulfilled according to section 112 of the patent laws. *Id.* Section 112 requires the following:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full clear concise and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

35 U.S.C. § 112 (1988).

93. See *supra* note 57 for the Canadian rule on the effect of the date of invention in the consideration of prior art.

94. *Vas-Cath*, 745 F. Supp. at 529-30.

95. *Id.* Mahurkar originally filed for a design patent in 1983 for the '968 patent and later changed it to a utility patent in 1984. *Id.* United States patent law requires that the specification in the original application sufficiently disclose information to allow one skilled in art to practice the invention. See generally CHISUM & JACOBS, *supra* note 20, § 2D[3], at 2-129 to 2-171; see also 2 CHISUM, *supra* note 20, §§ 7.01-7.05 (discussing the adequate disclosure requirement). Thus, if this requirement is not fulfilled, the '968 patent would not be entitled to the earlier filing date and intervening prior art might remove the novel features of the patent claims or make them obvious. See *Vas-Cath*, 745 F. Supp. at 529-30.

patent, which were narrower than the Canadian patent.<sup>96</sup> Thus, the United States court was only willing to recognize the Canadian judgment to the extent that the Canadian court determined the information which one skilled in the art would have known as of the 1984 priority date.<sup>97</sup> Therefore, the court held that the Canadian enablement definition and the United States enablement definition were close enough to allow preclusion of this issue if Mahurkar accepted a 1984 priority date.<sup>98</sup>

#### 4. *Consideration of the Invalidity Holding*

The Canadian court held several of the '508 patent claims invalid because the claims did not include all the essential elements of the invention.<sup>99</sup> Consequently, the United States court was willing to consider further arguments as to whether it should recognize this Canadian court determination in the '968 determination.<sup>100</sup> Vas-Cath alleged that since the Canadian court ruled several of Mahurkar's '508 patent claims invalid, the United States court should invalidate the corresponding United States '968 patent claims.<sup>101</sup> However, Mahurkar claimed that the Canadian judgment should not be used for this purpose for the following reasons: (1) United States law presumes that the patent is valid; (2) the burdens of proof in the United States are different from those in Canada; and (3) the claims in the '968 patent differ from the claims in the '508 patent in some respects.<sup>102</sup> The court addressed the burdens of proof and presumption arguments by asserting that these apply to factual determinations, and since the interpretation of patent claims is a question of law, the court need not consider these arguments.<sup>103</sup> Nevertheless, the court was uncomfortable using the Canadian judgment to invalidate several '968 patent claims and,

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96. *Vas-Cath*, 745 F. Supp. at 529-30. A patent claim which has a broad scope will likely require more disclosure than a patent claim with a narrower scope. Cf. *Mahurkar*, 18 C.P.R. (3d) at 436-42. Thus, the sufficiency of the disclosure should not affect a narrow claim if it does not affect the broader encompassing claim. See *Vas-Cath*, 745 F. Supp. at 529-30.

97. *Vas-Cath*, 745 F. Supp. at 530.

98. *Id.*

99. *Id.* See also *supra* notes 61-66 and accompanying text for a discussion of the Canadian invalidity holding. In the United States, the patent laws only allow one to claim exclusive rights to an invention actually disclosed in the application. 2 CHISUM, *supra* note 20, § 7.01, at 7-2 to 7-2.1. This is because the public will only benefit from a disclosure which allows others to make and use the invention. *Id.* at 7-2 n.1. Thus, one is not entitled to rights beyond what he is giving to the public with regard to what the public can later make and use from the disclosure of the invention. *Id.*

100. *Vas-Cath*, 745 F. Supp. at 530.

101. *Id.*

102. *Id.*

103. *Id.*

thus, requested further arguments only with respect to issue preclusion involving questions of law.<sup>104</sup>

Mahurkar appealed the district court's holding, and the Federal Circuit reversed and remanded for reconsideration an issue unrelated to preclusion.<sup>105</sup> Further, the appeal to the Federal Circuit did not involve the district court's ruling on the United States '968 patent or on the Canadian '508 patent.<sup>106</sup> Since the Federal Circuit

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104. *Id.*

105. *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1566-67 (Fed. Cir. 1991). In addition to the previously mentioned portion of the district court case, the district court addressed different claims of the parties in a separate section of the opinion. *Vas-Cath* additionally claimed that Mahurkar's patents, numbers 4,568,329 ('329) and 4,692,141 ('141), were invalid due to 35 U.S.C. § 102(b). *Vas-Cath*, 745 F. Supp. at 520. Under United States patent law, "A person shall be entitled to a patent unless the invention was patented or described in a printed publication in this or a foreign country . . . more than one year prior to the date of the application for patent in the United States." 35 U.S.C. § 102(b) (1988).

*Vas-Cath* claimed that since the invention existed and was patented in Canada ('089) more than one year prior to the filing date of Mahurkar's '329 and '141 patents, the '329 and '141 patents were invalid. *Vas-Cath*, 745 F. Supp. at 520-21. Under the patents laws, the '089 patent was considered prior art to the '329 and '141 patents and would cause these patents to be invalid. *Id.* However, Mahurkar claimed an earlier filing date under 35 U.S.C. §§ 120 and 112, which would nullify the adverse effect of § 102(b). *Id.*

The exact facts show that Mahurkar had applied for a United States patent ('081) which was functionally equivalent to the Canadian '089 patent. *Id.* The later abandoned '081 patent included drawings which were the same as the drawings in the '329 and '141 patents. *Id.* Thus, Mahurkar claimed that the '329 and '141 patents were entitled to the earlier filing date of the '081 patent application under 35 U.S.C. §§ 120 and 112. *Vas-Cath*, 745 F. Supp. at 520-21. The district court found that the '329 and '141 patents were not entitled to the earlier '081 filing date and held that these two patents were invalid under section 120. *Id.*

The portion of district court's holding in this partial summary judgment decision, which the Federal Circuit eventually reversed, stated that the drawings in the '081 patent were not sufficient to satisfy the requirements of 35 U.S.C. § 120 and § 112. *Id.* at 524. Section 120 provides the following:

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States . . . shall have the same effect, as to such invention, as though filed on the date of the prior application.

35 U.S.C. § 120 (1988). Section 112 requires that the application include a "written description" of the invention. 35 U.S.C. § 112 (1988). The district court held that the written description must show "what is novel and important." *Vas-Cath*, 935 F.2d at 1565-66. In addition, the court held that the combination of the elements of the invention should be discernable from the drawings in the application. *Id.* The district court then found that the written description requirements were not satisfied and, thus, the '329 and '141 patents were not entitled to the earlier '081 filing date. *Vas-Cath*, 745 F. Supp. at 524. This conclusion invalidated the '329 and '141 patents and Mahurkar appealed this holding. The Federal Circuit held that these particular written description standards were legal error and reversed the district court's ruling on the '329 and '141 patents, and remanded the issue for reconsideration. *Vas-Cath*, 935 F.2d at 1555.

106. See *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555 (Fed. Cir. 1991). Mahurkar appealed the district court's ruling, and, thus, it is likely that *Vas-Cath* did not raise the issue of the use of issue preclusion when Mahurkar ap-

did not decide the issue of recognizing the Canadian patent judgment, its former decisions against recognizing foreign patent judgments remain as binding authority on federal district courts. Before presenting these former decisions, this Note will examine the general principles and applications of issue preclusion in an effort to shed some light on the way in which a federal court should apply the issue preclusion doctrine.

## II. ISSUE PRECLUSION BASED ON FOREIGN PATENT JUDGMENTS

Before considering how a United States court should preclude issues based on foreign patent litigation, this section first explains the general policies behind issue preclusion in domestic judgments since these policies create the basis for the policies behind recognizing foreign judgments. Judgments rendered in foreign countries present additional considerations beyond the considerations in domestic issue preclusion.<sup>107</sup> Hence, this section then explains the policies, general requirements, and exceptions to issue preclusion based on foreign judgments. Finally, this section discusses how United States courts apply these general rules and recognize foreign judgments in subsequent United States patent litigation.

### A. *The Policies Behind Issue Preclusion*

#### 1. *The Policies Behind Domestic Issue Preclusion*

Issue preclusion serves the purpose of protecting the same litigants, and parties in privity,<sup>108</sup> from the financial burdens of relitigating the same issues.<sup>109</sup> It also promotes judicial economy by preventing unnecessary litigation on claims or issues already settled.<sup>110</sup> However, issue preclusion may not always have the effect

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pealed. Subsequently, two additional lawsuits were consolidated along with the district court *Vas-Cath* case into one suit, and the court allowed additional parties into the lawsuit. See *Mahurkar Double Lumen Hemodialysis Catheter Patent Litigation*, 140 B.R. 969 (N.D. Ill. 1992). However, *Vas-Cath* and *Mahurkar* settled out of court before going to trial on the remaining issues. *Id.*

107. See *infra* notes 117-46 and accompanying text for a discussion of the considerations and requirements of recognizing foreign judgments.

108. Courts preclude third parties from relitigating issues which were determined in a previous suit if the third parties were in privity with the actual parties to the previous suit. See *Vas-Cath*, 745 F. Supp. at 531-32.

109. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 (1979) (citing *Blonder-Tongue Lab., Inc. v. University of Ill. Found.*, 402 U.S. 313, 328-29 (1971)); see also *YEAZELL ET AL.*, *supra* note 1, at 888, 923. The goals of claim preclusion are "efficiency, finality, and the avoidance of inconsistent judgments." *Id.* at 888. The purpose of issue preclusion is based on the concepts of judicial finality and efficiency. *Id.* at 923.

110. See *Blonder-Tongue Lab.*, 402 U.S. at 334-37 (discussing the extensive amount of courtroom time which patent litigation requires and using this idea to broaden the scope of preclusion).

of promoting judicial economy.<sup>111</sup> Since an issue must have been actually litigated in order to invoke issue preclusion,<sup>112</sup> parties to a lawsuit may be pressured into litigating all aspects of an issue to its extreme.<sup>113</sup> This excessive litigation occurs because the parties to the original suit may fear potential future litigation, and they will likely anticipate the preclusive effect of the initial judgment.<sup>114</sup> Nonetheless, the courts embrace the issue preclusion doctrine because both judicial finality<sup>115</sup> and efficiency in the judicial system outweigh the potential increased fairness and accuracy that may be gained from relitigating a determined issue.<sup>116</sup> The policies and motives behind recognizing foreign judgments include additional considerations.

## 2. The Policies Behind Recognizing Foreign Judgments

The basis for recognizing a foreign judgment in order to preclude issues in a United States court originates under the Full Faith and Credit Clause of the United States Constitution.<sup>117</sup> Although this Constitutional clause refers to recognizing judicial proceedings from one state to another within the United States, the clause carries over into recognizing judgments of foreign "states" as well.<sup>118</sup>

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111. See FLEMING JAMES, JR. & GEOFFREY C. HAZARD, JR., *CIVIL PROCEDURE* § 11.17, at 619 (3d ed. 1985).

112. See *infra* notes 139-42 and accompanying text for the circumstances which must exist before a court will preclude issues from litigation.

113. See JAMES & HAZARD, *supra* note 111, § 11.17, at 619. For example, Joe Inventor owns a patent on a widget. He files suit against Carl Competitor and charges him with patent infringement on 8 out of the 14 claims within his patent. Since Carl's specific design of his invention is of modest financial importance, he only asserts his best defenses in the interest of economics. However, Carl Competitor is planning to announce a similar invention that may possibly infringe Sam Inventor's patent claims. Thus, anticipating the use of issue preclusion in a later lawsuit, Carl asserts every possible prior art reference defense of validity in an attempt to eliminate the patent before future litigation begins. Furthermore, if Carl does not succeed in the initial action, issue preclusion will bar future attempts to invalidate the patent based on the argued prior art. Thus, instead of reducing the cost of future litigation, issue preclusion may tend to increase the cost of the initial litigation. *Id.*

114. See JAMES & HAZARD, *supra* note 111, § 11.17, at 619.

115. Some commentators consider finality, not judicial efficiency and economy, as the true basis for the use of the issue preclusion. See Casad, *supra* note 24, at 58-59. However, judicial finality leads to judicial economy in many circumstances.

116. *Nasem v. Brown*, 595 F.2d 801, 806 (D.C. Cir. 1979).

117. U.S. CONST. art. IV, § 1. This section provides that "Full Faith and Credit shall be given in each State to the public Acts, Records, and judicial Proceedings of every other State; And the Congress may by general Laws prescribe the Manner in which such Acts, Records and Proceedings shall be proved, and the Effect thereof." *Id.*

118. See RESTATEMENT (THIRD) OF FOREIGN RELATIONS LAW OF THE UNITED STATES §§ 481-88 introductory note (1986) (discussing issue preclusion in terms of recognizing foreign judgments) [hereinafter RESTATEMENT OF FOREIGN RELATIONS].

The policies underlying the use of issue preclusion based on foreign "state" judgments include the following: (1) ensuring judicial finality; (2) encouraging the most appropriate forum for the initial litigation; (3) ensuring fairness to the litigants; (4) encouraging a desirable and harmonious structure between the different judicial systems; and (5) encouraging other countries to recognize domestic judgments.<sup>119</sup> These policies should serve as a general guide to courts applying issue preclusion, but the specific rules will be determinative.

### *B. The Requirements Behind Recognizing Foreign Judgments*

In addressing the issue of recognizing foreign judgments, critics have recently suggested that United States courts should consider the foreign country's preclusion rules.<sup>120</sup> Specifically, one commentator suggests that United States courts should give preclusive effect to foreign judgments only to the extent that the foreign country is willing, under its laws, to give effect to United States judgments.<sup>121</sup> However, most states currently do not require this type of reciprocity.<sup>122</sup> The judiciary's current trend suggests that a United States court need not consider the extent to which a foreign

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119. John D. Brummett, Jr., *The Preclusive Effect of Foreign-Country Judgments in the United States and Federal Choice of Law: The Role of the Erie Doctrine Reassessed*, 33 N.Y.L. SCH. L. REV. 83, 90-91 (1988) (citing Casad, *supra* note 24, at 61).

120. See Casad, *supra* note 24, at 70-76 (discussing the preclusion laws of several foreign countries and the extent that these countries recognize United States judgments).

121. *Id.* at 70-76. There is one main exception which this author expounds. United States courts should give greater preclusive effect than the rendering country only when an American resident-defendant is successful in the foreign country and involuntarily submits to that court's jurisdiction. *Id.* at 76. This author also surveyed the extent of several country's preclusion rules including England, Australia, Canada, New Zealand, Israel, France, the Federal Republic of Germany, Argentina, Japan, Sweden, and Mexico. *Id.* at 62-70. From this survey, the author determined that the United States is the most receptive country to recognizing foreign judgments. Casad, *supra* note 24, at 70-76; see also RESTATEMENT OF FOREIGN RELATIONS, *supra* note 118, §§ 481-88 introductory note.

122. RESTATEMENT OF FOREIGN RELATIONS, *supra* note 118, §§ 481 reporter's note. The United States Supreme Court has not yet ruled on the issue of whether state or federal law should be applied with respect to the extent a court should recognize foreign country judgments. RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 98 cmt. c (1969 & Supp. 1986). Until Congress addresses this issue, or the United States adopts an international treaty, the federal courts consider themselves bound to *Erie R.R. v. Tompkins*, 304 U.S. 64 (1938), and apply state law. See Casad, *supra* note 24, at 78. In addition, there are a few states that have enacted statutes which require that the individual state will only give effect to a foreign judgment to the extent that the foreign country recognizes the state's judgments. RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 98, reporter's notes cmt. f (1969 & Supp. 1986).

country will recognize United States decisions.<sup>123</sup>

Since United States federal courts are not guided by the extent that foreign countries apply issue preclusion, the next question is which issue preclusion rules should guide United States federal courts. Generally, in the absence of a federal question, a federal court should follow the state rules of recognizing foreign judgments.<sup>124</sup> However, when a United States federal court is considering another United States federal court's decision in order to preclude issues in its own court, the subsequent court should look to the policies supporting the issue preclusion doctrine and the federal common law.<sup>125</sup> In addition, since Congress gives the Court of Appeals for the Federal Circuit exclusive appellate jurisdiction for district court cases involving patents,<sup>126</sup> the Federal Circuit's decisions, as well as the Supreme Court's decisions, should guide the district courts with respect to recognizing foreign judgments in United States patent litigation.<sup>127</sup> The pertinent issue preclusion rules come from three different sources.

### 1. *Hilton v. Guyot*

The United States Supreme Court set forth the initial requirements for using a foreign judgment to preclude issues in a United States court in *Hilton v. Guyot*.<sup>128</sup> Focusing on the reliability of foreign judgments, the court held that before a United States court recognizes a foreign judgment, it should be convinced of the following: (1) a full and fair trial took place in a competent foreign court; (2) the trial took place under regular proceedings; (3) the defendant appeared voluntarily or received due notice of the proceeding; (4) the foreign country's judicial system is likely to secure impartiality between foreign parties and its own domestic parties; (5) prejudice does not exist within the court or with respect to the foreign country's system of laws; (6) no fraud took place in the decision making process; and (7) the foreign court had jurisdiction to decide the

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123. See RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 98, at 106-09 (1969 & Supp. 1986).

124. See *infra* note 138 for a discussion of what a court should consider in order to determine the applicable preclusion rules.

125. *Northern Natural Gas Co. v. Grounds*, 931 F.2d 678, 682 (10th Cir. 1991) (citing 28 U.S.C. § 1738 (1988)).

126. See *supra* note 9 for the Federal Circuit's origin and jurisdiction.

127. The RESTATEMENT (SECOND) OF JUDGMENTS guides the Federal Circuit with respect to the use of issue preclusion generally. See *infra* notes 138-41 and accompanying text for the preclusion rules which the Federal Circuit uses in its opinions. However, the Federal Circuit does look to the law of the circuit courts when the question of issue preclusion arises in the context of consent decrees. See *infra* note 138 for a discussion of where a court should look in order to determine the applicable preclusion rules in the context of consent judgments.

128. 159 U.S. 113 (1895).

case.<sup>129</sup> However, the courts have interpreted these rules in several different ways over the years.<sup>130</sup>

## 2. *Restatement (Third) of Foreign Relations Law of the United States*

The recently promulgated *Restatement of Foreign Relations* incorporates the current state of the law into the previously stated rules and gives a fair and reasonable approach to this compound topic.<sup>131</sup> The *Restatement of Foreign Relations* addresses international considerations and provides that a judgment from a foreign country is *entitled* to recognition in the United States if the judgment rendered is final<sup>132</sup> and conclusive between the parties; and the judgment granted or denied a sum of money, established or confirmed the status of a person, or determined interests in property.<sup>133</sup>

The exceptions to this general proposition add the necessary qualifications. A United States court will not recognize a foreign judgment if the foreign judicial system fails to furnish the parties an impartial tribunal or procedures which are compatible with the precepts of due process of law, or if the foreign court did not have jurisdiction to render the decision.<sup>134</sup> In addition, a court may refuse to recognize the foreign judgment in the interests of justice if one of the following factors are present: (1) notice of the action did

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129. *Id.* at 202. If these requirements are followed, the judgment should be recognized, notwithstanding the possibility that the court actually made an error of fact or law. See RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 98 cmt. d (1969 & Supp. 1986).

130. For example, many courts interpreted *Hilton* to require that a United States court should only recognize a foreign judgment to the extent which that foreign country recognized United States judgments. See Casad, *supra* note 24, at 56. However, most United States courts no longer require this type of reciprocity. See *supra* notes 120-23 and accompanying text for a discussion of reciprocity and the extent which United States courts recognize foreign judgments.

131. See RESTATEMENT OF FOREIGN RELATIONS, *supra* note 118, §§ 481, 482 (1986).

132. A judgment is considered final if it is not subject to additional proceedings in the court that determined the judgment. See RESTATEMENT OF FOREIGN RELATIONS, *supra* note 118, § 481 cmt. e (1986). This definition does not include appeals or potential modifications based on changed circumstances. *Id.* Thus, courts may stay the proceedings until an appeal or modification is decided, but under the view of the *Restatement of Foreign Relations*, a court is not required to do so. *Id.*

133. RESTATEMENT OF FOREIGN RELATIONS, *supra* note 118, § 481 (1986). The revised *Restatement (Second) of Conflict of Laws* conveys a similar rule. *Id.* §§ 481-88 introductory note. The main provision provides that "[a] valid judgment rendered in a foreign nation . . . will be recognized in the United States so far as the immediate parties and the underlying cause of action are concerned." RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 98 (1969 & Supp. 1986) (emphasis added).

134. RESTATEMENT OF FOREIGN RELATIONS, *supra* note 118, § 482 (1986).



not allow the defendant sufficient time to enable her to adequately defend the claim; (2) the prior court based its judgment on a cause of action which is contrary to the public policy of the United States; (3) several contrary foreign judgments exist which are entitled to recognition; or (4) a fraud took place in the procurement of the judgment.<sup>135</sup>

### 3. *Restatement (Second) of Judgments*

The *Restatement of Foreign Relations* states that the *Restatement (Second) of Judgments* is applicable to foreign judgments as well.<sup>136</sup> The *Restatement (Second) of Judgments* addresses more detailed concerns of the specific issue which a party attempts to preclude. Therefore, since the Federal Circuit applies the *Restatement (Second) of Judgments* requirements and exceptions, a court should also follow these rules in recognizing a foreign judgment.<sup>137</sup>

In generally following the *Restatement (Second) of Judgments*,<sup>138</sup> the Federal Circuit specifically holds that a court can appropriately apply issue preclusion in the following circumstances: (1) the decided issue from the prior suit is identical to the current issue; (2) the issue was actually<sup>139</sup> litigated in the prior suit; (3) the

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135. *Id.*

136. *Id.* §§ 481-88 introductory note.

137. *Cf. Hartley v. Mentor Corp.*, 869 F.2d 1469, 1471 (Fed. Cir. 1989) (citing and applying the views of the restatement in its determination).

138. HARMON, *supra* note 4, § 16.5, at 616. However, before a United States federal court or state court gives effect to a previous United States decision, it must determine the applicable rules of issue preclusion. *Epic Metals Corp. v. H.H. Robertson Co.*, 870 F.2d 1574, 1576 (Fed. Cir.), *cert. denied*, 493 U.S. 855 (1989). Congress provides the federal district courts with exclusive jurisdiction to hear cases "relating to patents." 28 U.S.C. § 1338(a), (b) (1988); *see also* JAMES & HAZARD, *supra* note 111, § 2.5, at 57. Although Congress provides the federal district courts exclusive jurisdiction in patent cases, state court patent cases arise under the context of contract disputes. *See MGA, Inc. v. General Motors Corp.*, 827 F.2d 729, 731 (Fed. Cir. 1987), *cert. denied*, 484 U.S. 1009 (1988). For example, a state court implicitly determined the scope of patent claims when it determined contract rights in a dispute over the nonpayment of royalties under a patent license agreement. *Id.*

This general concept also applies to consent judgments. The Federal Circuit holds that a court should apply the preclusion rules of the specific federal appellate jurisdiction to determine if consent judgments have the same force and effect as judgments entered after a trial on the merits. *Epic Metals*, 870 F.2d at 1576. "[A]pplication of principles of res judicata is not a matter committed to the exclusive jurisdiction of the Federal Circuit." *Id.* The court's reasoning is based on the concept that contract interpretation is not within the Federal Circuit's exclusive jurisdiction. *Id.*; *see Foster v. Hallco Mfg. Co.*, 947 F.2d 469 (Fed. Cir. 1991).

139. The term "fully litigated" is used instead of "actually litigated" in the Federal Circuit as well. *See Molinaro v. Fannon/Courier Corp.*, 745 F.2d 651, 655 (Fed. Cir. 1984) (illustrating the use of "fully litigated" in the Federal Circuit). However, the difference in terminology does not seem to affect how the court applies the test. *Id.*

determination of the issue was essential to a final judgment in the prior suit; and (4) the party filing suit had a full and fair opportunity to litigate the issue in the prior suit.<sup>140</sup> In addition to these requirements, there are several exceptions and considerations.<sup>141</sup>

Once a court determines that the four general requirements of issue preclusion are satisfied, it should also consider the exceptions which the restatement provides in section 28.<sup>142</sup> Section 28 demands that a court should restrain from preclusion when any of the following conditions exist:

- (1) [Reviewability:] The party against whom preclusion is sought could not, as a matter of law, have obtained review of the judgment in the initial action; or
- (2) [Change in the Law:] The issue is one of law and (a) the two actions involve claims that are substantially unrelated, or (b) a new determination is warranted in order to take account of an intervening change in the applicable legal context or otherwise to avoid inequitable administration of the laws; or
- (3) [Change in Procedure:] A new determination of the issue is warranted by differences in the quality or extensiveness of the procedures followed in the two courts or by factors relating to the allocation of jurisdiction between them; or
- (4) [Change in Burdens of Persuasion:] The party against whom preclusion is sought had a significantly heavier burden of persuasion with respect to the issue in the initial action than in the subsequent action; the burden has shifted to his adversary; or the adversary has a significantly heavier burden than he had in the first action; or
- (5) [Public Policy, Foresight, and Fairness:] There is a clear and convincing need for a new determination of the issue (a) because of the potential adverse impact of the determination on the public interest or the interests of persons not themselves parties in the initial action, (b) because it was not sufficiently foreseeable at the time of the initial action that the issue would arise in the context of a subsequent action, or (c) because the party sought to be precluded, as a result of the conduct of his adversary or other special circumstances, did not have an adequate opportunity or incentive to obtain a full and fair adjudication in the initial action.<sup>143</sup>

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140. *A.B. Dick Co. v. Burroughs Corp.*, 713 F.2d 700, 702 (Fed. Cir. 1983), *cert. denied*, 464 U.S. 1042 (1984); *Molinaro*, 745 F.2d at 655. The Federal Circuit recited the words of the restatement in its adherence to the general proposition of section 27. *Jackson Jordan, Inc. v. Plasser Am. Corp.*, 747 F.2d 1567, 1575-76 (Fed. Cir. 1984). The Restatement provides that "[w]hen an issue of fact or law is actually litigated and determined by a valid and final judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim." RESTATEMENT (SECOND) OF JUDGMENTS § 27 (1982).

141. See RESTATEMENT (SECOND) OF JUDGMENTS § 28 (1982).

142. *Jackson Jordan, Inc.*, 747 F.2d at 1576.

143. RESTATEMENT (SECOND) OF JUDGMENTS § 28 (1982); see also *Jackson Jordan, Inc.*, 747 F.2d at 1576 (citing the restatement). Furthermore, subsections 4, 6, and 8 of the *Restatement (Second) of Judgments* in section 29 guided the Federal Circuit opinion in *Jackson Jordan, Inc.* *Id.* Section 29 addresses litigation with a party that did not exist in the initial action, and a court should apply section 29 after an initial application of issue preclusion against a party in

A court should apply these considerations when it decides whether to use the doctrine.

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a former suit. RESTATEMENT (SECOND) OF JUDGMENTS § 29 (1982). This section precludes a party from litigating an issue with a person not a party to the original suit if that same party is precluded from litigating the same issue in a previous suit according to sections 27 and 28, unless there is justification for relitigating the issue. *Id.* Justification may exist if the party lacked a full and fair opportunity to litigate the issue in the initial suit or if other circumstances require relitigation of the issue. *Jackson Jordon, Inc.*, 747 F.2d at 1576. These circumstances include those from sections 27 and 28 as well as the following:

- (1) Treating the issue as conclusively determined would be incompatible with an applicable scheme of administering the remedies in the actions involved;
- (2) The forum in the second action affords the party against whom preclusion is asserted procedural opportunities in the presentation and determination of the issue that were not available in the first action and could likely result in the issue being differently determined;
- (3) The person seeking to invoke favorable preclusion, or to avoid unfavorable preclusion, could have effected joinder in the first action between himself and his present adversary;
- (4) The determination relied on as preclusive was itself inconsistent with another determination of the same issue;
- (5) The prior determination may have been affected by relationships among the parties to the first action that are not present in the subsequent action, or apparently was based on a compromise verdict or finding;
- (6) Treating the issue as conclusively determined may complicate determination of issues in the subsequent action or prejudice the interests of another party thereto;
- (7) The issue is one of law and treating it as conclusively determined would inappropriately foreclose opportunity for obtaining reconsideration of the legal rule on which it was based;
- (8) Other compelling circumstances make it appropriate that the party be permitted to relitigate the issue.

RESTATEMENT (SECOND) OF JUDGMENTS § 29 (1982).

Section 29 assumes that only one of the previous parties is present in the subsequent litigation instead of both parties being the same. The United States Supreme Court's holding in *Blonder-Tongue Lab., Inc. v. University of Illinois Foundation* applies to this type of situation because a court would be precluding an issue in a lawsuit in which one or more of the current parties were not parties to the previous litigation. *Blonder-Tongue*, 402 U.S. at 313; see 5 CHISUM, *supra* note 20, § 19.02[2][d]. Before *Blonder-Tongue*, the *Triplett v. Lowell* opinion required that there be mutuality of estoppel. *Blonder-Tongue*, 402 U.S. at 320-22 (citing *Triplett v. Lowell*, 297 U.S. 638 (1936)). The *Triplett* opinion and the mutuality of estoppel doctrine provide that "the rules of the common law applicable to successive litigations concerning the same subject matter" did not preclude "relitigation of the validity of a patent claim previously held invalid in a suit against a different defendant." *Id.* at 321. The Supreme Court withdrew the requirement that both parties must be the same or be in privity with the original parties under the particular circumstances mentioned. *Blonder-Tongue*, 402 U.S. at 313.

However, the general application of this doctrine may differ when issue preclusion is being used offensively rather than defensively. See ALLAN D. VESTAL, RES JUDICATA/PRECLUSION § V-277-340 (1969). The concept is split into two categories: offensive issue preclusion and defensive issue preclusion. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 (1979); see Michael Kimmel, *The Impacts of Defensive and Offensive Assertion of Collateral Estoppel by a Non-party*, 35 GEO. WASH. L. REV. 1010 (1967) (discussing in detail the differences between offensive and defensive issue preclusion (collateral estoppel) and their

#### 4. Final Considerations

Courts should additionally be aware of some final considerations. Specifically, courts should not distinguish between issues of fact and issues of law when deciding whether to accept the use of issue preclusion.<sup>144</sup> Instead, the courts should focus on the similarities in the subject matter between the two lawsuits, rather than whether the issue is legal or factual.<sup>145</sup> Furthermore, the Supreme Court gives the federal courts broad discretion in determining when to use this common law doctrine.<sup>146</sup> Hence, a federal court should use the previously mentioned guiding principles within its broad discretion when determining whether a foreign judgment deserves recognition (issue preclusion effect) in patent litigation.

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application in several settings). The offensive use of issue preclusion results when the current defendant lost a prior suit, as a plaintiff or defendant against the same or different party, on an issue which the current plaintiff seeks to preclude the current defendant from asserting. *Parklane*, 439 U.S. at 326 n.4. The defensive use of issue preclusion results when the current plaintiff lost a prior suit, as a plaintiff or defendant against the same or different party, on an issue which the current defendant seeks to preclude the current plaintiff from asserting. *Id.*

The offensive use of issue preclusion was basically created by the *Blonder-Tongue* decision. *United States v. Mendoza*, 464 U.S. 154, 159 n.4 (1984). Although the *Blonder-Tongue* court specifically precluded a plaintiff-patentee from relitigating the validity of a patent based on the defendant asserting the doctrine, the court conditionally approved a nonparty or nonprivity from the original suit to "offensively" assert the doctrine as well. *Blonder-Tongue*, 402 U.S. 313; see *Mendoza*, 464 U.S. at 159 n.4.

There are valid reasons for separating offensive and defensive issue preclusion. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 329 (1979). The manner in which the offensive use of the doctrine promotes judicial economy differs from that of the defensive use of the doctrine. *Id.* Defensive use of issue preclusion encourages a plaintiff to join all potential defendants in the first action as a result of a court not allowing relitigation of the same issues with different defendants. *Id.* at 329-30. However, offensive use of issue preclusion tends to encourage an interested nonparty to stay out of the initial suit. *Id.* This potential plaintiff in a subsequent suit will be inclined to "wait and see" if the defendant loses, because a plaintiff will be able to assert issue preclusion against the same defendant if she loses, but will not be bound to the previous judgment if the defendant wins. *Id.* Thus, offensive use of issue preclusion tends to increase the amount of litigation instead of reduce it because a victorious defendant will not be allowed to assert issue preclusion in a subsequent suit if she could have effected joinder in the previous suit. *Parklane*, 439 U.S. at 330.

144. *United States v. Stauffer Chem. Co.*, 464 U.S. 165, 170-71 (1984).

145. *Id.* This concept directly relates to the comments from section 28 of the *Restatement (Second) of Judgments*. *Id.* at 171 n.4.

146. *Parklane*, 439 U.S. at 331. The court set out a rule which is the same as the *Restatement (Second) of Judgments* § 29(3). In addition, the court considered other exceptions to using the doctrine and these exceptions are now incorporated in the current Restatement as well. Compare *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 331 (1979) with *RESTATEMENT (SECOND) OF JUDGMENTS* § 29(3) (1982) (illustrating the restatement's adoption of the exceptions stated in *Parklane*).

### C. The Federal Circuit's Current View

The Federal Circuit has applied the previously mentioned *Restatement (Second) of Judgments* rules in several cases involving only domestic litigation.<sup>147</sup> In the majority of these cases, the Federal Circuit and other circuits have disapproved of the district court's willingness to apply the doctrine of issue preclusion.<sup>148</sup>

147. See *Foster v. Hallco Mfg. Co.*, 947 F.2d 469 (Fed. Cir. 1991) (holding that a provision in a consent judgment has a narrow yet preclusive effect on the issue of validity); *Hartley v. Mentor Corp.*, 869 F.2d 1469 (Fed. Cir. 1989) (affirming a district court's dismissal of an infringement action because the issue of validity was decided against the plaintiff in a previous case); *Epic Metals Corp. v. H.H. Robertson Co.*, 870 F.2d 1574, 1576 (Fed. Cir. 1989) (holding that a consent judgment should be narrowly construed when it purports to preclude a subsequent party in privity from relitigating the issue of validity), *cert. denied*, 493 U.S. 855 (1989); *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320 (Fed. Cir. 1987) (holding that a court should not apply issue preclusion to a case in which a device is different in structure from devices previously before the court); *Cordis Corp. v. Medtronic, Inc.*, 835 F.2d 859 (Fed. Cir. 1987) (holding that the issue of irreparable harm was not actually decided in a previous case and that the district court's determination of this issue was correct); *Jackson Jordan, Inc. v. Plasser Am. Corp.*, 747 F.2d 1567 (Fed. Cir. 1984) (reversing the district court's use of issue preclusion because a prior art statutory bar was not actually litigated in the prior suit); *Molinaro v. Fannon/Courier Corp.*, 745 F.2d 651 (Fed. Cir. 1984) (affirming the district court's preclusion on the issue of the scope of the patent claims); *A.B. Dick Co. v. Burroughs Corp.*, 713 F.2d 700 (Fed. Cir. 1983) (holding that a party is not precluded from litigating the scope of patent claims when the initial suit only litigated the scope of the disclosure), *cert. denied*, 464 U.S. 1042 (1984).

148. In *Jackson Jordan, Inc. v. Plasser Am. Corp.*, 747 F.2d 1567 (Fed. Cir. 1984), the court made several holdings with respect to the doctrine. The court first held that the current defendant could not preclude the current plaintiff from relitigating a prior art statutory bar because the current plaintiff did not actually litigate the issue in the prior suit. *Id.* at 1576-77. The issue was set to rest by stipulation of the parties in the prior suit, and the court, in following the *Restatement (Second) of Judgments*, held that this was not enough to show actual litigation of the issue. *Id.* The court directly quoted the following from the *Restatement (Second) of Judgments*:

An issue is not actually litigated if the defendant might have interposed it as an affirmative defense but failed to do so; nor is it actually litigated if it is raised by a material allegation of a party's pleading but is admitted (explicitly or by virtue of a failure to deny) in a responsive pleading; nor is it actually litigated if it is raised in an allegation by one party and is admitted by the other before evidence on the issue is adduced at trial; nor is it actually litigated if it is the subject of stipulation between the parties. A stipulation may, however, be binding in a subsequent action between the parties if the parties have manifested an intention to that effect. Furthermore, under the rules of evidence applicable in the jurisdiction, an admission by a party may be treated as conclusive or be admissible in evidence against that party in a subsequent action.

*Jackson Jordan*, 747 F.2d at 1576 n.8; see also RESTATEMENT (SECOND) JUDGMENTS § 27 cmt. e (1982).

In addition, the court excepted the use of preclusion in a situation where a patent is held valid and infringed in a previous suit, and held that the patentee is not bound to the previous interpretation of the scope of the claims. *Jackson Jordan*, 747 F.2d at 1577-78. The court reasoned that if a patent claim was held valid and not infringed, the previous court would have interpreted the scope of the claim in its broadest understanding. *Id.* However, if a court holds a patent

Nonetheless, these circuit courts characterize their reasoning in

claim valid and infringed, it may have only interpreted the scope of the claim to hold that it was infringed, and not necessarily in its broadest possible interpretation. *Id.* This exception to the use of issue preclusion is based on the concept that a patentee cannot have the interpretation of her patent claims reviewed by a higher court if they were held valid and infringed. *Id.* at 1578. The court noted the *Restatement (Second) of Judgments* § 28(1) in its determination. *Id.*

Furthermore, in the context of validity and infringement, *A.B. Dick Co. v. Burroughs Corp.* holds that a court should consider judicial statements pertaining to the scope of patent claims as hypothetical, except in the context of an actual determination of validity or infringement, when the statements only relate to novelty and infringement, and are based on prior art and products, respectively, which are not before the court. *A.B. Dick*, 713 F.2d at 704. At the district court level, the court granted the defendant's motion for summary judgment which was based on the asserted issue preclusion effect of a prior district court judgment. *Id.* at 702. The prior court held that two of the patentee's (the subsequent plaintiff's) claims were valid but not infringed. *Id.* at 701. The subsequent court precluded the redetermination of the scope of the claims because the initial court made judicial statements which determined the scope of disclosure of the utility of the patent, not the claims. *Id.* at 702. The Federal Circuit reversed the grant of summary judgment and held that "[judicial statements regarding the scope of patent claims are entitled to [issue preclusion] effect in a subsequent [patent] infringement suit only to the extent that determination of scope was essential to a final judgment on the question of validity or infringement." *Id.* at 704.

In *Del Mar Avionics, Inc. v. Quinton Instrument*, the Federal Circuit again held against applying the doctrine because the issue (product) decided in the previous case was not the same as in the subsequent case. *Del Mar Avionics*, 836 F.2d at 1324. The initial district court concluded that the defendant's photocopier product did not infringe the plaintiff's patent for part of a photocopier product. *Id.* at 1323. A subsequent court litigated a second photocopier product and held that the defendant's product did infringe the patent. *Id.* The defendant appealed and claimed that since his second photocopier product was similar to the first photocopier product, the court should preclude the second product from litigation because the initial court held that the first product did not infringe the patent. *Id.* The Federal Circuit adjudged the failure to apply issue preclusion as correct and held that a device shown to differ in structure from devices previously before the court should be considered on its own facts. *Id.* at 1324. The court went on to explain that "[c]laim construction is a question of law that may require determination of underlying facts." *Id.* In addition, the court stated that "[t]o the extent that the underlying facts are based on identical premises, . . . the prior findings and claim construction based thereon are the law of the [subsequent] case. . . . [and] are not available for redetermination." *Id.*

In *Molinaro v. Fannon/Courier Corp.*, the Federal Circuit again reviewed whether the issue in the initial action was the same as in the subsequent case. *Molinaro*, 745 F.2d at 651. The court affirmed the grant of a defendant's motion for summary judgment on non-infringement and held that the scope of the claims were determined in the initial action when the initial court held that the initial defendant did not infringe the same patent. *Id.* at 655. The court further held that once it is determined that the issue is the same, the burden is on the party adverse to the use of preclusion to show that the prior suit is "seriously defective." *Id.* Strong fact-evidence, not supplied to the initial court, must be submitted to the subsequent court to show the serious defect. *Id.*

A few other federal appellate circuits disfavor issue preclusion in patent litigation, but allow for recognition. See *Farmhand, Inc. v. Anel Eng'g Indus.*, 693 F.2d 1140 (5th Cir. 1982); *Penn Int'l Indus. v. New World Mfg.*, 691 F.2d 1297 (9th Cir. 1982); *Grayson v. McGowan*, 543 F.2d 79 (9th Cir. 1976). In *Penn International* the Court of Appeals for the Ninth Circuit held that when distinct

terms of the accepted requirements and exceptions, such that their unwillingness to apply issue preclusion in patent cases is persuasively acceptable.

Although the courts take a reasonable approach to recognizing domestic judgments, the Federal Circuit currently uses a broad and stern approach in refusing to recognize foreign judgments in patent litigation.<sup>149</sup> In 1986, the Federal Circuit adopted the Court of Customs and Patent Appeals' harsh approach against recognizing foreign patent judgments.<sup>150</sup> In *Medtronic, Inc. v. Daig Corp.*,<sup>151</sup> the Federal Circuit held that the defendant's argument, which proposed recognizing a German court's obviousness ruling on the coun-

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challenges to a patent exist in the subsequent proceeding rather than in the initial proceeding, based on new prior art being introduced in the subsequent action, issue preclusion is not applicable. *Penn Int'l Indus.*, 691 F.2d at 1300.

Furthermore, in *Farmhand*, the Fifth Circuit held that the presumption in favor of the validity of a patent is enhanced when the validity of the patent is upheld in previous litigation. *Farmhand*, 693 F.2d at 1143-44. Although this evidence is not dispositive of the validity of a patent, this type of evidence is relevant. *Id.* at 1144. A district court does not commit error when it allows a jury to consider this type of evidence when a new defendant also challenges the validity of the same patent. *Id.*; see *CHISUM & JACOBS, supra* note 20, § 2F[4][a], at 2-285 (citing *Gillette Co. v. S.C. Johnson & Son, Inc.*, 919 F.2d 720, 723 (Fed. Cir. 1990) for the proposition that a previous determination of a patent's validity should be given weight, though not *stare decisis* effect).

149. See *infra* notes 150-71 and accompanying text for a discussion of the Federal Circuit's view on recognizing foreign judgments.

150. See *Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903, 907-08 (Fed. Cir. 1986) (citing *in re Dulberg*, 472 F.2d 1394, 1397-98 (C.C.P.A. 1973)). In *Dulberg*, the Court of Customs and Patent Appeals would not even consider the patentability of the same invention in foreign countries. *Dulberg*, 472 F.2d at 1397-98. The inventor attempted to point to patents for the same invention granted in foreign countries because those patents withstood the same prior art introduced in the United States court. *Id.* The court concluded that the patentability of an invention in a foreign country has no relevance to the determination of obviousness under United States laws because the standards of patentability vary from country to country. *Id.* (citing *in re Larsen*, 292 F.2d 531 (C.C.P.A. 1961) for the same proposition); see also *Baracuda Int'l Corp. v. F.N.D. Enter.*, 222 U.S.P.Q. 134, 135 (S.D. Fla. 1982).

Additional cases hold the same way. In *Timely Products Corp. v. Arron*, the court affirmed the district court's refusal to admit evidence into the record, regarding the favorable patentability of the invention in foreign countries, which would support the contention that the invention was not obvious. 523 F.2d 288, 295-96 (2d Cir. 1975). The court held as it did because of the differences in the patent laws between the United States and foreign countries. *Id.* The court referenced the presumption of validity in the United States as being a "real presumption" which should not be augmented by corresponding foreign patents. *Id.*

In *Ditto, Inc. v. Minnesota Mining & Mfg.*, the court held that a West German court, holding that a prior art reference teaches the invention to one skilled in the art, is not controlling with respect to the same invention and the same prior art reference. 336 F.2d 57, 70-71 (C.C.P.A. 1964). The court reasoned that "the German law may well apply different standards from those controlling here and in all probability some differences exist in the expert testimony used in the cases." *Id.* at 71.

151. 789 F.2d 903 (Fed. Cir. 1986).

terpart patent, was "specious."<sup>152</sup> The court's only reasoning was that United States patent laws govern the obviousness-nonobviousness determination.<sup>153</sup>

Before this decision, a few courts were willing to give some recognition to foreign judgments.<sup>154</sup> When a court failed to recognize the foreign judgment, thereby declining to apply issue preclusion, the court at least took a reasoned approach. For example, the Fifth Circuit took just such a reasoned approach against recognizing a foreign judgment in *In re Yarn Processing Patent Validity Litigation*.<sup>155</sup> In doing so, the Fifth Circuit reversed the district court's preclusive use of a Canadian judgment because the law in the Canadian case was different from the law in the United States district court.<sup>156</sup> The Canadian court decided the date of invention under Canadian patent laws according to when the invention was "reduced to practice."<sup>157</sup> The United States district court subsequently precluded the defendant-patentee from relitigating the issue of

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152. *Id.* at 907-08.

153. *Id.* Although this decision abruptly opposed the recognition of foreign judgments without much consideration of the topic, the Federal Circuit has addressed the topic under the terms of the Paris Convention in a more rational manner. See *Stein Assoc. v. Heat & Control, Inc.*, 748 F.2d 653 (Fed. Cir. 1984). Since the Paris Convention provides that applications for patents in one country are independent of applications for patents in different countries, the court held that the issues and parties must be the same before a United States court enjoins a litigant from adjudicating the same issues in a foreign court. *Id.* at 656-58. The court then went on to hold that the issues were not the same simply because the patents were issued in different countries. *Id.*

154. Several decades ago, a few cases held that the patentability or non-patentability of an invention in foreign countries was relevant, but not controlling, in the determination of the same issue in a United States court. See *American Infra-Red Radiant Co. v. Lambert Indus.*, 360 F.2d 977, 987 (8th Cir. 1966), *cert. denied*, 385 U.S. 920 (1966); *Evans v. Watson*, 142 F. Supp. 225, 229 (D.D.C. 1956). In *Evans*, the court was willing to accept evidence regarding the favorable patentability of the same invention in foreign countries into the record, not to directly show that the invention was nonobvious, but to show the acceptability and general use of the invention. *Evans*, 140 F. Supp. at 229. Today, the nonobvious standard includes a three part test and includes several factual determinations. See *supra* note 82 for the United States rule of law with respect to the obviousness determination. The court in *Evans* was willing to use the foreign judgment as an aid in the factual determination of the secondary considerations under the nonobvious standard. *Evans*, 140 F. Supp. at 229. In *American Infra-Red*, the court considered information relating to the unfavorable patentability of an invention in the Netherlands and West Germany as not controlling. *American Infra-Red*, 360 F.2d at 987. However, the court did consider this information as admissible evidence in the factual determination of patentability. *Id.*

155. 498 F.2d 271 (5th Cir. 1974).

156. *Id.* at 279.

157. *Id.* "Reduction to practice" relates to when an inventor has actually created a patentable invention. However, this point in time, usually called the "date of invention," is defined differently under the laws of different nations. See *infra* notes 158-61 and accompanying text for a discussion of the United States and Canadian definitions of reduction to practice.



when the invention was "reduced to practice."<sup>158</sup> Under Canadian law, the date of invention occurs no later than when the *invention is fully embodied in a working prototype*.<sup>159</sup> However, in the United States, reduction to practice occurs no later than when the *inventor has sufficiently tested the prototype* to prove its utility and determine that no further refinements are necessary.<sup>160</sup> Since the patentee experimented after a prototype was made, the date of invention under Canadian law *could have* been different from reduction to practice under United States law.<sup>161</sup> Thus, the Fifth Circuit held that this distinction between the patent laws demanded the reversal of the use of issue preclusion.<sup>162</sup>

Furthermore, a recent district court opinion strongly criticized the Federal Circuit's harsh approach against recognizing foreign patent judgments. In *Cuno, Inc. v. Pall Corp.*,<sup>163</sup> the defendants moved for summary judgment based on factual findings which a United Kingdom court rendered on a former lawsuit between the same parties.<sup>164</sup> The United Kingdom court found the counterpart process patent valid and infringed.<sup>165</sup> In its decision, the United States court analyzed several cases under the topic of issue preclusion within the United States.<sup>166</sup> The court also analyzed cases dealing with foreign judgments and concluded that "[w]here the

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158. *In re Yarn*, 498 F.2d at 279 (basing its reasoning on the concept that Canadian patent law does not consider reduction to practice in the same light as the United States in the determination of the date of invention).

159. *Id.*

160. *Id.*

161. *Id.*

162. *Id.* In 1982, the Court of Appeals for the Sixth Circuit also took a fairly well reasoned approach in not recognizing a foreign proceeding. In *Skill Corp. v. Lucerne Products*, 684 F.2d 346 (6th Cir. 1982), the court held that the district court properly rejected the defendant's argument that the plaintiff's patent was obvious based on the Canadian Patent Office's rejection of the corresponding patent on these grounds. *Id.* at 351. The United States appellate court reasoned that since no evidence was introduced regarding the similarity between the United States patent laws and the Canadian patent laws, the Canadian rejection of the patent did not detract from the presumption of validity of the United States patent. *Id.* at 351 (citing *Timely Products Corp. v. Arron*, 523 F.2d 288, 295 (2d Cir. 1975) for the proposition that the patent proceedings in other countries are not controlling because the patentability standards are different).

163. 729 F. Supp. 234 (E.D.N.Y. 1989).

164. *Id.* at 235.

165. *Id.*

166. *Id.* at 238 (citing in favor of its position *Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation*, 402 U.S. 313, 333 (1971); *Hartley v. Mentor Corp.*, 869 F.2d 1469, 1471 (Fed. Cir. 1989); *Molinaro v. Fannon/Courier Corp.*, 745 F.2d 651, 655 (Fed. Cir. 1984); *Mississippi Chemicals Corp. v. Swift Agricultural Chemicals Corp.*, 717 F.2d 1374 (Fed. Cir. 1983); citing in opposition *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1428-29 (Fed. Cir. 1988); *A.B. Dick Co. v. Burroughs Corp.*, 713 F.2d 700 (Fed. Cir. 1983); *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1136 (Fed. Cir. 1985); *Young Engineers, Inc. v. United States International Trade Commission*, 721 F.2d 1305, 1316 (Fed. Cir. 1983); *Plastic Container Corp. v. Continental Plastics*, 607 F.2d 885, 894 (10th Cir. 1979)).

prior adjudication was by a foreign nation's court applying its patent law to its patents, the barriers to reliance on the foreign judgment for [issue preclusion] purposes become almost insurmountable."<sup>167</sup> The court also noted that previous case law specifically focuses on differences in patent laws between one country and another in order to avoid issue preclusion even when the invention, technologies, competition, and consequences of the judgment are the same.<sup>168</sup> The court then held that it was bound by these prior decisions and stated the following:

It is a quiddity of our law that a well and thoroughly reasoned decision reached by a highly skilled and scientifically informed justice of the Patent Court, Chancery Division, in the High Court of Justice of Great Britain after four weeks of trial must be ignored and essentially the same issues with the same evidence must now be retired by American jurors with no background in science or patents, whose average formal education will be no more than high school. This curious event is the result of the world's chauvinistic view of patents.

The law's absurdity as revealed by this case lends force to recommendations for a universal patent system.<sup>169</sup>

Although the court initially denied the summary judgment motion, it reserved the power to grant summary judgment if the jury determination conflicted with the United Kingdom court.<sup>170</sup> Thus, the court was certainly willing to use the issue preclusion doctrine but was strapped by the Federal Circuit's absolute view. *Cuno* promotes the push for a unified international patent law system under which the application of issue preclusion would be a viable consideration.<sup>171</sup> However, due to the Federal Circuit's current view, issue preclusion may as well be left in the closet until international patent harmonization occurs.

### III. A NEW APPROACH AND THE *VAS-CATH* ANALYSIS

The Federal Circuit should alter its harsh view against recognizing foreign patent judgments for several reasons. Patent litigation is extremely expensive, and corporations should not be forced into spending funds, which could be used for research and develop-

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167. *Id.* (citing as obstacles to recognizing foreign patent judgments *Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903, 907-08 (Fed. Cir. 1986); *Stein Associates v. Heat & Control, Inc.*, 748 F.2d 653 (Fed. Cir. 1984); *Yarn Processing Patent Validity Litigation v. Leesona Corp.*, 498 F.2d 271, 278-85 (5th Cir. 1974); *Ditto, Inc. v. Minnesota Mining & Manufacturing, Co.*, 336 F.2d 67, 70-71 (8th Cir. 1964); *Baracuda International Corp. v. F.N.D. Enterprises*, 222 U.S.P.Q. 134, 135 (S.D. Fla. 1982)).

168. *Cuno, Inc. v. Pall Corp.*, 729 F. Supp. 234, 238-39 (E.D.N.Y. 1989).

169. *Id.*

170. *Id.* at 240.

171. *Id.* at 239.

ment, to relitigate an issue decided in a former suit.<sup>172</sup> Furthermore, patent litigation usually takes up a substantially greater amount of courtroom time than other types of litigation,<sup>173</sup> and courts should not be put in the position of deciding a litigated issue just because precedent requires it to do so. A lawsuit must terminate at some point in time, and the Supreme Court favors this approach.<sup>174</sup> These reasons become even more powerful when the initial suit was decided by a competent court in a judicial system which is fair to its litigants. When an issue arises in this type of foreign forum and the laws of the foreign system are similar, the court should consider the differences and entertain the possibilities of the foreign judgment's preclusive effect. Although harmonization may not occur for several years, the Federal Circuit's current view against recognizing foreign judgments is too harsh.

However, the Federal Circuit's current view is not completely erroneous. Patent litigation is very complex, and district courts may begin to overstate the preclusive effect of a foreign judgment if the Federal Circuit loosens its grip. Hence, this section suggests a new method for determining whether a federal district court should use issue preclusion through recognition of a foreign judgment until harmonization of the patent laws occurs. This section then applies this new method to an analysis of the *Vas-Cath* holding to show the feasibility of the approach.

#### A. A New Approach

Since the Federal Circuit's precedent against recognizing foreign judgments stems from the differences between the patent laws,<sup>175</sup> the similarities between the laws give a strong argument for recognizing a foreign patent decision. In order to make sure that courts do not bypass the differences and overstate justifications for recognition, courts should follow a modified version of the view taken by the *Restatement of Foreign Relations* concerning patent decisions. The *Restatement of Foreign Relations* begins with the

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172. *Blonder-Tongue Lab., Inc. v. University of Ill. Found.*, 402 U.S. 313, 334-38 (1971).

173. *Blonder-Tongue*, 402 U.S. at 334-38 (citing 1970 statistical information which shows that less than 50% of patent litigation finishes within three days of trial, while 90% of all civil litigation finishes within three days of trial); see David M. Trubek, *The Costs of Ordinary Litigation*, 31 UCLA L. REV. 72 (1983) (suggesting that when the stakes and the complexity of a case are high, the costs of litigating the case increase).

174. *Cf. Parklane Hosiery, Inc. v. Shore*, 439 U.S. 322, 326-31 (1979) (expanding the reach of issue preclusion by allowing a new litigant to preclude his opponent from litigating an issue in a legal action based on a previous adverse equitable determination against the opponent).

175. See *supra* notes 150-53 and accompanying text for a discussion of the Federal Circuit's view on recognizing foreign judgments.

general rule that a court should recognize a foreign judgment unless exceptions exist.<sup>176</sup> This rule puts the burden on the party adverse to preclusion to show that the court should not recognize the foreign judgment.<sup>177</sup>

However, in light of the Federal Circuit's negative view and the possibility of a district court overstating preclusion, a court should not place this burden on the party adverse to preclusion. Instead of initially recognizing a foreign judgment, a court should first assume that it should not recognize a foreign judgment, and it should then place the burden on the party claiming preclusion to demonstrate otherwise. The burden placed on the party claiming preclusion should include several factors to make up a *prima facie* case for preclusion.

The *prima facie* case of issue preclusion ("PFIP") should include two main considerations, each one consisting of several factors. The first consideration is the foreign judicial system and the foreign forum. A party claiming preclusion must show the following factors by a preponderance of the evidence: (1) the foreign judicial system furnished the parties an impartial and competent<sup>178</sup> tribunal; (2) the foreign judicial system provided the parties with procedures, including discovery, that comport with precepts of due process;<sup>179</sup> (3) the foreign forum had jurisdiction to render the decision;<sup>180</sup> and (4) the public policies in favor of issue preclusion<sup>181</sup> outweigh any potential public policies disfavoring preclusion.<sup>182</sup>

The second consideration relates to the specific issue in question. A party claiming preclusion must show the following factors by clear and convincing evidence for each issue: (1) the decided issue in the initial suit is identical to the issue in the subsequent suit<sup>183</sup> including the substantive law involved and the related bur-

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176. See *supra* notes 131-35 and accompanying text for a discussion of the restatement's view on recognizing foreign judgments.

177. See *supra* note 133 and accompanying text for the minimal requirements which a party must meet in order to shift the burden of persuasion.

178. See *supra* note 129 and accompanying text for the general United States Supreme Court considerations on recognizing foreign judgments.

179. See *supra* note 135 and accompanying text for the list of exceptions to recognizing a foreign judgment contained in the *Restatement of Foreign Relations*.

180. See *supra* notes 129 & 135 and accompanying text for a discussion of the general requirements to recognizing a foreign judgment.

181. See *supra* note 119 and accompanying text for a discussion of the policies behind recognizing foreign judgments.

182. See *supra* notes 135 & 143 and accompanying text for a discussion of several exceptions to recognizing a foreign judgment.

183. See *supra* notes 139-40 and accompanying text for a discussion of the Federal Circuit's requirements on applying issue preclusion.

dens of proof;<sup>184</sup> (2) the issue was actually litigated in the prior suit;<sup>185</sup> (3) the determination of the issue was essential to the final judgment in the prior suit;<sup>186</sup> and (4) the party adverse to preclusion had a full and fair opportunity to litigate the issue in the prior suit.<sup>187</sup> Although this method puts a great burden on the party claiming preclusion, it comports with the Federal Circuit's current view and gives a party the opportunity to forego litigating the same issue more than once. Moreover, putting the burden on the party claiming preclusion will also prevent courts from overstating the effect of a foreign judgment.

### B. The Vas-Cath Analysis

In *Vas-Cath Inc. v. Mahurkar*,<sup>188</sup> the Federal District Court for the Northern District of Illinois contradicted the Federal Circuit's precedent by directly precluding several issues which were litigated in a Canadian judgment.<sup>189</sup> Furthermore, the district court overstated the effect of the Canadian judgment and might have avoided doing so if it applied the previously mentioned PFIP approach. The court based its preclusive use of the Canadian judgment on three justifications. The court considered the differences between Mahurkar's United States and Canadian patent claims, the differences between prior art argued in the Canadian court and the United States court, and the differences between United States and Canadian patent law.<sup>190</sup> All of these considerations relate to the requirement that the issue in the previous suit is the same as the issue in the subsequent suit.<sup>191</sup> The court held that these differences were not important or excusable due to the factual circumstances, and should not prevent it from recognizing the Canadian judgment.<sup>192</sup> These justifications are valid and create strong support for recognizing the Canadian judgment. However, the court

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184. See *supra* note 143 and accompanying text for the *Restatement (Second) of Judgments* exceptions to applying issue preclusion.

185. See *supra* notes 139-40 and accompanying text for a discussion of the Federal Circuit's requirements on applying issue preclusion.

186. See *supra* notes 139-40 and accompanying text for a discussion of the Federal Circuit's requirements on applying issue preclusion.

187. See *supra* notes 139-40 and accompanying text for a discussion of the Federal Circuit's requirements on applying issue preclusion; see also *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 329 (1979) (citing *Blonder-Tongue Labs., Inc. v. University of Ill. Found.*, 402 U.S. 313, 329 (1971), and focusing on this very same proposition).

188. 745 F. Supp. 517 (N.D. Ill. 1990), *rev'd on other grounds*, 935 F.2d 1555 (Fed. Cir. 1991).

189. *Id.* at 524-31.

190. *Id.*

191. See *supra* notes 139-40 and accompanying text for a discussion of the Federal Circuit's requirements on applying issue preclusion.

192. *Vas-Cath*, 745 F. Supp. at 526-31.

overstated these justifications and also overstated some additional considerations as well.

### 1. Differences in the Patent Claims

In an ordinary issue preclusion case within the United States, the subsequent court does not have to address differences in the patent at issue because the prior court based its findings on the exactly the same patent.<sup>193</sup> However, when a foreign court interprets foreign patent claims, a United States court must consider the interpretation in light of the differences between the two patents' claims, even though the invention is the same.<sup>194</sup> In *Vas-Cath*, the United States district court did not sufficiently consider the differences between the United States and Canadian patent claims.

The United States district court held that the United States patent claims and the Canadian patent claims are substantially the same.<sup>195</sup> However, there are differences between the patent claims.<sup>196</sup> The court stated that four differences exist between United States patent claims 1 and 7 and the corresponding Canadian patent claims 1 and 5.<sup>197</sup> The court did not state these differences, but did explain that "the differences make explicit what was implicit in the Canadian [patent]."<sup>198</sup>

Claim interpretation is a question of law.<sup>199</sup> However, a court should consider extrinsic factual evidence in its determination.<sup>200</sup> Thus, claim interpretation in practice is a mixed question of fact and law. The United States court did not state whether it considered any factual evidence, such as the prosecution history<sup>201</sup> or ex-

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193. See *supra* note 148 for a discussion of cases involving United States patents and the applicability of issue preclusion.

194. The patent claim language defines the scope of the claimed invention and the coverage which a patentee is entitled to hold out against potential infringers. See CHISUM & JACOBS, *supra* note 20, § 2D[3][d], at 2-160; see also 4 CHISUM, *supra* note 20, § 18.03, at 18-20.

195. *Vas-Cath*, 745 F. Supp. at 529-30.

196. See *supra* note 30 for the exact words of the patent claims and the differences between the United States and Canadian patents.

197. *Vas-Cath*, 745 F. Supp. at 529.

198. *Id.*

199. See CHISUM & JACOBS, *supra* note 20, § 2F[1][c], at 2-244; see also 4 CHISUM, *supra* note 20, § 18.06[2][a], at 18-211.

200. CHISUM & JACOBS, *supra* note 20, § 2F[1][c], at 2-244.

201. The prosecution history is information which the United States Patent & Trademark Office keeps in its files on the prosecution of a patent. See CHISUM & JACOBS, *supra* note 20, § 2F[2][c], at 2-270 to 2-280; see also 4 CHISUM, *supra* note 20, § 18.05, at 18-151. The prosecution of a patent can include modifications (amendments to the patent application) and cancellation of certain claims. See CHISUM & JACOBS, *supra* note 20, § 2F[2][c], at 2-270 to 2-280. The modification of one claim can define a separate non-amended claim in a manner which may narrow the scope of the non-amended claim. *Id.* A defendant in a patent infringement suit can use the prosecution history as a defense (prosecu-

pert testimony in its interpretation of the differences between the two patents.<sup>202</sup> Thus, the court may have overstated the similarity between the two patents. Even if the court did not understate the differences, the court failed to explain the differences, an essential justification for using the foreign judgment, in a manner which would enable a reader to fully understand why the differences were not relevant. In addition, the court did not even mention other differences in the patent claims.<sup>203</sup>

The PFIP method forces the party claiming preclusion to show that each issue meets the specific requirements. Thus, this party would have to show by clear and convincing evidence that each United States patent claim at issue is the same as the foreign patent claim, or the factual circumstances except any differences. This prevents the court from overstating similarities between claims from the separate patents when the party did not actually prove the similarities.

## 2. Different Prior Art

Since the Canadian court considered several prior art references before the priority date in its determination of the validity of the patent claims, the United States court precluded all prior art before the priority date in its determination of novelty and obviousness.<sup>204</sup> However, if prior art existed before the priority date and the Canadian court did not actually litigate this prior art, issue preclusion was limited.<sup>205</sup> A court should not preclude consideration of prior art which was not actually litigated in a previous suit.<sup>206</sup>

In the United States, patent law policy promotes challenges to the validity of a patent, and the removal of invalid patents, because an inventor is not entitled to prevent others from making, using, or selling inventions which are already in the public domain.<sup>207</sup> Thus,

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tion history estoppel) to the patentee's broad allegations of the scope of her claims. *Id.* Thus, the prosecution history can narrow the interpretation of a patent claim in a manner which would allow the defendant's alleged infringing device to fall outside of the patentee's claimed invention. *Id.*

202. *Vas-Cath*, 745 F. Supp. at 529-30.

203. See *supra* note 30 for the exact words of the patent claims and the differences between the United States and Canadian patents.

204. *Vas-Cath*, 745 F. Supp. at 527-29.

205. See *supra* notes 85-90 and accompanying text for a discussion of the United States district court limiting the scope of issue preclusion for the particular facts.

206. See *supra* note 148 for an explanation of cases involving the erroneous preclusion of prior art.

207. See CHISUM & JACOBS, *supra* note 20, § 2F[4][a], at 2-283 (referring to patent licensees having the opportunity to challenge a patent's validity due to the favored policy of removing invalid patents from the public domain).

the court may have overstated its justification for using issue preclusion because it potentially precluded unlitigated prior art.<sup>208</sup> It is possible that litigants may discover new prior art references between prior litigation and the subsequent litigation. The PFIP approach only allows a court to preclude prior art which parties actually litigated because the burden is on the party claiming preclusion to show actual litigation of relevant prior art. If a prior art reference is not considered by the previous court, it cannot have been actually litigated. Under the PFIP approach, a court would only be able to preclude these prior art references from relitigation after the party met the "actually litigated" requirement for each prior art reference.

### 3. *Differences in the Patent Laws*

The United States court considered the differences in the patent laws between the United States and Canada and concluded that these differences were of no consequence to the novelty, obviousness, and enablement determinations.<sup>209</sup> The court's justifications with respect to the novelty and obviousness determinations were well-reasoned because the expert witnesses' knowledge of the prior art made up for the differences in the laws.<sup>210</sup> However, the court did not sufficiently explain the differences in the Canadian enablement requirement and the United States sufficiency of the disclosure requirements in order to justify its preclusion of the sufficiency of the disclosure determination.

In the United States, sufficiency of the disclosure is fulfilled if the patent includes a written description of the invention which enables one of ordinary skill in the art to make and use the invention.<sup>211</sup> The disclosure must also provide the best mode contemplated by the inventor for carrying out the invention.<sup>212</sup> The United States court specifically stated that the patent must satisfy the sufficiency of the disclosure requirements, but failed to consider that Canadian law does not require the disclosure to include the best mode contemplated by the inventor.<sup>213</sup> Nonetheless, the court was willing to preclude the full sufficiency of the disclosure requirement under section 112 based only on the Canadian court's finding that the Canadian patent disclosure enabled one skilled in

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208. See *Vas-Cath*, 745 F. Supp. at 528-29.

209. See *supra* notes 75-90 and accompanying text for a discussion of the United States court's holding with respect to novelty and obviousness.

210. See *supra* notes 44-55 and accompanying text for a discussion of the Canadian court's holding with respect to novelty and obviousness.

211. 35 U.S.C. § 112 (1988).

212. 35 U.S.C. § 112 (1988); see CHISUM & JACOBS *supra* note 20, § 2D[3][a]-[c], at 2-131 to 2-160; 2 CHISUM, *supra* note 20, §§ 7.03-7.05, at 7-9 to 7-157.

213. See *Vas-Cath*, 745 F. Supp. at 529-30.



the art to practice the invention.<sup>214</sup> Thus, the United States court again overstated the similarities between the patent laws of the two countries and exceeded proper bounds in its use of issue preclusion. The PFIP approach forces the party claiming preclusion to show that the law pertaining to the issue involved is identical and, thus, would flush out any differences.

In addition, the court considered burden of persuasion differences between the two countries and decided to postpone its decision on this topic until the parties filed additional briefs.<sup>215</sup> In the United States, a court presumes a patent's validity, and a party challenging a patent must prove the factual determinations underlying invalidity by clear and convincing evidence.<sup>216</sup> In Canada, the issue of a patent confers prima facie evidence of validity to the patent,<sup>217</sup> but the burden of persuasion for validity is a preponderance of the evidence.<sup>218</sup> The court dodged this issue by reasoning that the interpretation of patent claims in the United States is a legal question, and the presumption of validity only applies to factual determinations.<sup>219</sup> Although the court correctly followed the Federal Circuit's "legal" categorization on claim interpretation for novelty,<sup>220</sup> the court failed to consider that the determination of obviousness and novelty include factual determinations which fall under the clear and convincing standard.<sup>221</sup> Thus, the court appropriately decided to entertain further arguments because the additional briefing would show these real differences in the burdens of persuasion.<sup>222</sup>

#### 4. Other Considerations

Before the United States court precluded the previously mentioned issues, the court discussed whether it should apply the United States or Canadian preclusion rules, whether it should prevent preclusion due to the differences between Canadian discovery rules and United States discovery rules, and whether it should apply preclusion based on the presumption of validity which United

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214. *Id.*

215. See *supra* notes 91-104 and accompanying text for a discussion of the United States courts' holding with respect to applying issue preclusion to legal determinations.

216. CHISUM & JACOBS, *supra* note 20, § 2F[4][a][i], at 2-282.

217. 2C JOHN P. SINNOT, WORLD PATENT LAW AND PRACTICE § Canada-45 (1992).

218. *Vas-Cath*, 745 F. Supp. at 530.

219. *Id.*

220. See CHISUM & JACOBS, *supra* note 20, § 2F[1][c], at 2-243 to 2-244 (discussing whether claim interpretation is a question of fact or law).

221. See *supra* note 82 for a discussion of the method in which a court should follow in determining obviousness.

222. See *Vas-Cath*, 745 F. Supp. at 530.

States patent laws accord its patents.<sup>223</sup> After consideration of these three issues, the court concluded that the Canadian judgment should receive the same weight it would have received if it were decided in the United States.<sup>224</sup>

The court first recognized that the Federal Circuit has developed its own federal common law on recognizing foreign judgments through issue preclusion, but the district court further stated that it need not consider which rules should apply because Canadian courts recognize foreign judgments almost to the same extent as United States courts.<sup>225</sup> The court did not need to consider the Canadian preclusion rules and correctly stated that it should apply the Federal Circuit's rules on issue preclusion.<sup>226</sup>

The court further held that the differences between United States and Canadian discovery rules are not important.<sup>227</sup> The court justified this determination by reasoning that issue preclusion survives state to state differences of procedural rules within the United States.<sup>228</sup> In addition, *Vas-Cath* did not provide, nor could the court find any precedent, which would not recognize a Canadian judgment based on the differences in the procedural rules.<sup>229</sup> The *Restatement of Foreign Relations* specifically provides an exception that procedural rules which do not comport with United States due process limitations prevent a court from recognizing a foreign judgment.<sup>230</sup> Since, as a general rule, a court should recognize a foreign judgment,<sup>231</sup> this exception places the burden on the party adverse to the use of issue preclusion to show that a court should not follow the general rule. This general rule may legitimately apply to cases outside the realm of patent law. Furthermore, if a foreign country does not confer a presumption of validity to its patents, small differences in the procedural rules may make a large difference in the determination of whether a patent is valid. Since Canada statutorily confers a patent prima facie validity after the patent issues,<sup>232</sup> the court's conclusion that the procedural differences between the two countries are not important may be correct. However, if a foreign country does not confer a patent a presumption of validity, a

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223. *Id.* at 526.

224. *Id.* at 526-27.

225. *Id.* at 526; see Casad, *supra* note 24, at 62-63.

226. See *supra* notes 120-23 and accompanying text for a discussion of reciprocity and recognizing foreign judgments.

227. *Vas-Cath*, 745 F. Supp. at 526.

228. *Id.*

229. *Id.*

230. See *supra* notes 134-35 and accompanying text for various exceptions in the *Restatement of Foreign Relations* to recognizing foreign judgments.

231. See *supra* notes 133-34 and accompanying text for the view of the *Restatement of Foreign Relations* on recognizing foreign judgments.

232. See SINNOT, *supra* note 217, § Canada-45.

court should discern the differences between the procedural rules with particular scrutiny.

In summary, although the district court correctly considered several issue preclusion concerns, the court overstated several recognition justifications. The district court severed the Federal Circuit's grip, and went substantially further than precedent allows in recognizing the Canadian judgment. The most important consideration which the court failed to correctly address is the standard of review in the determination of validity for an issued patent. Again, the PFIP approach would make up for this difference in the patent laws because the party claiming preclusion would have to show that the burdens of persuasion are identical. The PFIP approach would allow United States courts to recognize foreign judgments while still following the Federal Circuit precedent.

#### CONCLUSION

Until the patent laws of foreign nations move closer to the patent laws of the United States, the Federal Circuit will likely not change its negative view against recognizing foreign judgments. However, in order to preserve the goals behind the issue preclusion doctrine,<sup>233</sup> the PFIP approach to recognizing foreign patent judgments can serve as a substitute for the *Restatement of Foreign Relations*. A court using the PFIP approach will adhere to both the Federal Circuit's precedent as well as the policy of respecting foreign nation judgments. Once the patent laws of the several industrial nations are substantially the same, the courts could then move towards the *Restatement of Foreign Relations* approach. However, until patent harmonization occurs, the method in this Note is one feasible approach of applying the issue preclusion doctrine to foreign patent judgments in a United States court.

James P. Muraff

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233. See *supra* note 119 and accompanying text for a discussion of the policies behind recognizing foreign judgments.

## APPENDIX A

### DRAFT

# TREATY SUPPLEMENTING THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY AS FAR AS PATENTS ARE CONCERNED (PATENT LAW TREATY)

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The Contracting Parties,

*Alternative A*

DESIRING to strengthen international cooperation in respect of the protection of inventions,

CONSIDERING that such protection is facilitated by a harmonization of patent law,

RECOGNIZING the need to take into consideration the public policy objectives underlying national patent law,

TAKING INTO ACCOUNT development, technological and public interest objectives of the Contracting Parties,

HAVE CONCLUDED the present Treaty, which constitutes a special agreement within the meaning of Article 19 of the Paris Convention for the Protection of Industrial Property.

*Alternative B*

*Note:* Same text as Alternative A, without the third and fourth paragraphs.

*Article 1*  
*Establishment of a Union*

The States and intergovernmental organizations party to this Treaty (hereinafter called "the Contracting Parties") constitute a Union for the purposes of this Treaty.

*Article 2*  
*Definitions*

For the purposes of this Treaty, unless expressly stated otherwise:

- (i) references to an "application" or "application for a patent" shall be construed as references to an application for a patent for invention;
- (ii) "priority date" means the filing date of the application for a patent, utility model or other title protecting an invention which has been filed with another or, where the Contracting Party so provides, the same Office and the priority of which is claimed; where the priorities of two or more such applications are claimed, the priority date,
  - (a) for the purposes of computing time limits, shall be the filing date of the earliest-filed of those applications,

- (b) for any other purpose, shall be, for each element of the invention, the filing date of the earliest-filed of those applications which contains that element;
- (iii) "prescribed" means prescribed in the Regulations under this Treaty that are referred to in Article 29;
- (iv) references to a "patent" shall be construed as references to a patent for invention;
- (v) "Office" means the governmental or intergovernmental agency entrusted with the granting of patents by a Contracting Party;
- (vii) "Director General" means the Director General of the World Intellectual Property Organization;
- (viii) "published" means made accessible to the public;
- (ix) "substantive examination" means the examination of an application by an Office to determine whether the invention claimed in the application satisfies the conditions of patentability referred to in Article 11(2) and (3);
- (x) references to an "instrument of ratification" shall be construed as including references to instruments of acceptance and approval;
- (xi) "Assembly" means the Assembly of the Union;
- (xii) "Union" means the Union referred to in Article 1;
- (xiii) "Organization" means the World Intellectual Property Organization;
- (xiv) "Regulations" means the Regulations under this Treaty that are referred to in Article 29.

### Article 3

#### *Disclosure and Description*

(1) [Disclosure] (a) The application shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art.

- (b) Where the application refers to biologically reproducible material which cannot be disclosed in the application in such a way as to enable the invention to be carried out by a person skilled in the art and such material is not available to the public, the application shall be supplemented by a deposit of such material with a depositary institution. Any Contracting Party may require that the deposit be made on or before the filing date or, where priority is claimed, the priority date of the application.

(2) [*Description*] (a) The application shall contain a description.

(b) The description shall have the prescribed contents, and such contents shall be presented in the prescribed order.

(3) [*Prohibition of Other Requirements*] In respect of the disclosure or the description, no requirement additional to or different from those provided for in this Article and in the relevant provisions of the Regulations may be imposed.

#### Article 4

##### *Claims*

(1) [*Requirement of Claims in the Application*] The application shall contain one or more claims.

(2) [*Contents of the Claims*] The claims shall define the matter for which protection is sought.

(3) [*Style of the Claims*] Each claim shall be clear and concise.

(4) [*Relation of the Claims with the Description*] The claims shall be supported by the description.

(5) [*Manner of Presentation of the Claims*] (a) The claims shall be presented in the prescribed manner.

(b) A Contracting Party shall be free not to require compliance with all of the requirements prescribed under subparagraph (a).

(6) [*Prohibition of Other Requirements*] In respect of the claims, no requirement additional to or different from those provided for in paragraphs (1) to (4) and (5)(a) may be imposed.

#### Article 5

##### *Unity of Invention*

(1) [*Requirement of Unity of Invention*] The application shall relate to one invention only or to a group of inventions so linked as to form a single general inventive concept ("requirement of unity of invention").

(2) [*Validity of Patent Not Affected by Lack of Unity of Invention*] The fact that a patent has been granted on an application that did not comply with the requirement of unity of invention shall not be a ground for the invalidation or revocation of the patent.



### Article 6

#### *Identification and Mention of Inventor; Declaration Concerning the Entitlement of the Applicant*

(1) [*Identification of the Inventor in the Application*] (a) The application shall, as prescribed, identify the inventor or, where there are several inventors, all of them.

(b) No patent may be granted on an application that does not identify an inventor.

(2) [*Mention of the Inventor in Publications of the Office*] Any publication of the Office, containing the application or the patent granted thereon, shall mention the inventor or inventors as such, provided that any inventor may request, in a declaration signed by him and filed with the Office, that such publications should not mention him as inventor, in which case the Office shall proceed accordingly.

(3) [*Indication of the Applicant's Entitlement*] Any Contracting Party may require that the applicant indicate the legal grounds of his entitlement to file the application.

(4) [*Prohibition of Other Requirements*] In respect of the identification or mention of the inventor or in respect of the indication of the applicant's entitlement, no requirement additional to or different from those provided for in the preceding paragraphs may be imposed.

### Article 7

#### *Related Claiming of Priority*

(1) [*Delayed Submission of Priority Claim*] Where the application ("the subsequent application") could have claimed the priority of an earlier application but, when filed, did not contain such priority claim, the applicant shall have the right to claim such priority in a separate declaration submitted to the Office within a period to be fixed by the Contracting Party which shall be at least two months from the filing date of the subsequent application and not more than four months from the date on which a period of 12 months from the filing date of the earlier application expired.

(2) [*Delayed Filing of the Subsequent Application*] Where the application ("the subsequent application") which claims or could have claimed the priority of an earlier application is filed after the date on which a period of 12 months from the filing date of the earlier application expired but before the expiration of a period of two months from the date on which that 12-month period expired, the Office shall restore the right of priority upon an express request submitted to the Office before the expiration of the said two-month period, if the request states and the Office finds that, in spite of all

due care required by the circumstances, the subsequent application could not have been filed within the said 12-month period. The request for restoration shall state the grounds on which it is based, and the Office may require the production of corresponding evidence.]

*Article 8*  
*Filing Date*

(1) [*Absolute Requirements*] The filing date of the application shall be the date of receipt by the Office of at least the following elements:

- (i) an express or implicit indication that the granting of a patent is sought;
- (ii) indications allowing the identity of the applicant to be established;
- (iii) a part which, on the face of it, appears to be a description of an invention.

(2) [*Permitted Additional Requirements*] (a) A Contracting Party may provide that the filing date may be refused if either of the following requirements is not satisfied within the prescribed time limit:

- (i) the application contains a part which, on the face of it, appears to be a claim or claims;
- (ii) the required fee is paid.

Where a Contracting Party provides for any of the foregoing requirements and the requirements are complied with later than the date of receipt by the Office of the elements referred to in paragraph (1), but within the prescribed time limit, the filing date of the application shall be the date of receipt by the Office of the said elements.

(b) A Contracting Party may apply a requirement referred to in subparagraph (a) only if

- (i) it applied such requirement at the time of becoming party to this Treaty, or
- (ii) it has, after having become party to this Treaty, to apply such requirement in order to comply with an obligation under a treaty concluded before the date of entry into force of this Treaty.

(3) [*Drawings*] If the application refers to drawings but such drawings are not received by the Office at the date of receipt of the elements referred to in paragraph (1), at the option of the applicant either any reference to the drawings shall be deemed to be deleted or the filing date of the application shall be the date on which the drawings are received by the Office.

(4) [*Replacing Description, Claims and Drawings by Reference to Another Application*] Notwithstanding paragraphs (1), (2) and (3),

*Alternative A:* each Contracting Party shall

*Alternative B:* any Contracting Party may

provide that a reference in the application to another previously filed application for the same invention by the same applicant or his predecessor in title may, for the purposes of the filing date of the application, replace any of the following elements:

- (i) the part which, on the face of it, appears to be a description of an invention,
- (ii) the part which, on the face of it, appears to be a claim or claims, or
- (iii) any drawings,

provided that the said parts and drawings and, where the other application was not filed with the same Office, a certified copy of the other application are received by the Office within the prescribed time limit. If the said parts and drawings, and, where required, the certified copy, are received by the Office within the said time limit, the filing date of the application shall, provided that the other requirements concerning the filing date are fulfilled, be the date on which the application containing the reference to the previously filed application was received by the Office.

(5) [*Language*] (a) Any Contracting Party may require that the indications referred to in paragraph (1)(i) and (ii) be in the official language.

- (b) Any Contracting Party may, if any of the parts referred to in paragraph (1)(iii) and paragraph (2)(a)(i) or any text matter contained in any drawings is in a language other than the official language, require that a translation thereof in the official language be received by its Office within the prescribed time limit. If the translation is so received, the filing date of the application shall be the date of receipt by the Office of the elements referred to in paragraph (1) in the language in which they were first received.
- (c) Any Contracting Party may require that the parts referred to in paragraph (4)(i) and (ii) and any text matter contained in drawings referred to in paragraph (4)(iii) be furnished in the official language within the time limit referred to in paragraph (4).
- (d) For the purposes of this paragraph, "official language" means the official language of the Office or, if there are several such languages, any of them.

(6) [*Prohibition of Other Requirements*] (a) In respect of the filing date, no requirement additional to or different from those provided for in the preceding paragraphs may be imposed.

- (b) Notwithstanding subparagraph (a), a Contracting Party may, for the purposes of any treaty providing for the grant of regional patents, require that an application for a regional patent contain the designation of at least one State party to that treaty.

#### *Article 9* *Right to a Patent*

(1) [*Right of Inventor*] The right to a patent shall belong to the inventor. Any Contracting Party shall be free to determine the circumstances under which the right to the patent shall belong to the employer of the inventor or to the person who commissioned the work of the inventor which resulted in the invention.

(2) [*Right Where Several Inventors Independently Made the Same Invention*] Where two or more inventors independently have made the same invention, the right to a patent for that invention shall belong,

- (i) where only one application is filed in respect of that invention, to the applicant, as long as the application is not withdrawn or abandoned, is not considered withdrawn or abandoned, or is not rejected, or
- (ii) where two or more applications are filed in respect of that invention, to the applicant whose application has the earliest filing date or, where priority is claimed, the earliest priority date, as long as the said application is not withdrawn or abandoned, is not considered withdrawn or abandoned, or is not rejected.

#### *Article 10* *Fields of Technology*

##### *Alternative A*

(1) Patent protection shall be available for inventions in all fields of technology which are new, which involve an inventive step and which are industrially applicable, except for:

- (i) inventions whose use would be contrary to public order, law or morality or injurious to public health;
- (ii) plant or animal varieties or essentially biological processes for the production of plants or animals;

- (iii) discoveries and materials or substances already existing in nature;
- (iv) methods of medical treatment for humans or animals;
- (v) nuclear and fissionable material.

(2) Contracting States may, on grounds of public interest, national security, public health, nutrition, national development and social security, exclude from patent protection, either in respect of products or processes for the manufacture of those products, certain fields of technology, by national law.

(3) Contracting States shall notify the Director General of such exclusions by a written declaration. Any such declaration may be withdrawn at any time totally or partially by notification addressed to the Director General.

#### *Alternative B*

Patent protection shall be available for inventions, whether they concern products or processes, in all fields of technology.

### *Article 11* *Conditions of Patentability*

(1) [*Patentability*] In order to be patentable, an invention shall be novel, shall involve an inventive step (shall be non-obvious) and shall be, at the option of the Contracting Party, either useful or industrially applicable.

(2) [*Novelty*] (a) An invention shall be considered novel if it does not form part of the prior art. For the determination of novelty, items of prior art may only be taken into account individually.

(b) The prior art shall consist of everything which, before the filing date or, where priority is claimed, the priority date of the application claiming the invention, has been made available to the public anywhere in the world.

[(c) Notwithstanding subparagraph (b), any Contracting Party shall be free to exclude from the prior art matter made available to the public, by oral communication, by display or through use, in a place or space which is not under its sovereignty or, in the case of an intergovernmental organization, under the sovereignty of one of its member States.]

(3) [*Inventive Step (Non-Obviousness)*] An invention shall be considered to involve an inventive step (be non-obvious) if, having regard to the prior art as defined in paragraph (2), it would not have been obvious to a person skilled in the art at the filing date or,

where priority is claimed, the priority date of the application claiming the invention.

## Article 12

### *Disclosures Not Affecting Patentability (Grace Period)*

(1) [*Circumstances of Disclosure Not Affecting Patentability*] Disclosure of information which otherwise would affect the patentability of an invention claimed in the application shall not affect the patentability of that invention where the information was disclosed, during the 12 months preceding the filing date or, where priority is claimed, the priority date of the application,

- (i) by the inventor,
- (ii) by an Office and the information was contained
  - (a) in another application filed by the inventor and should not have been disclosed by the Office, or
  - (b) in an application filed without the knowledge or consent of the inventor by a third party which obtained the information direct or indirectly from the inventor,

or

- (iii) by a third party which obtained the information direct or indirectly from the inventor.

(2) [*"Inventor"*] For the purposes of paragraph (1), "inventor" also means any person who, at the filing date of the application, had the right to the patent.

(3) [*No Time Limit for Invoking Grace Period*] The effects of paragraph (1) may be invoked at any time.

(4) [*Evidence*] Where the applicability of paragraph (1) is contested, the party invoking the effects of that paragraph shall have the burden of proving, or of making the conclusion likely, that the conditions of that paragraph are fulfilled.

## Article 13

### *Prior Art Effect of Certain Applications*

(1) [*Principle of "Whole Contents"*] (a) Subject to subparagraph (b), the whole contents of an application ("the former application") as filed in, or with effect for, a Contracting Party shall, for the purpose of determining the novelty of an invention claimed in another application filed in, or with effect for, that Contracting Party, be considered as prior art from the filing date of the former application on condition that the former application or the patent granted thereon is published subsequently by the authority competent for the publication of that application or patent. Any Con-

tracting Party may consider the whole contents of the former application to be prior art also for the purpose of determining whether the invention satisfies the requirement of invention step (non-obviousness).

- (b) Where the former application referred to in subparagraph (a) claims the priority of an earlier application for a patent, utility model or other title protecting an invention, matter that is contained in both the former application and such earlier application shall be considered as prior art in accordance with subparagraph (a) from the priority date of the former application.
- (c) For the purposes of subparagraph (a), the "whole contents" of an application consists of the description and any drawings, as well as the claims, but not the abstract.

(2) [*Applications No Longer Pending*] Where the former application referred to in paragraph (1)(a) has been published in spite of the fact that, before the date of its publication, it was withdrawn or abandoned, was considered withdrawn or abandoned, or was rejected, it shall not be considered as prior art for the purposes of paragraph (1)(a).

(3) [*International Applications Under the PCT*] As regards international applications filed under the Patent Cooperation Treaty, any Contracting Party may provide that paragraph (1) shall apply only if the acts referred to in Article 22 or, where applicable, Article 39(1) of that Treaty have been performed.

(4) [*Self-Collision*] [(a)] Paragraph (1) shall not apply when the applicant of, or the inventor identified in, the former application, and the applicant of, or the inventor identified in, the application under examination, is one and the same person.

- [(b) Any Contracting Party that considers the whole contents of the former application to be prior art only for the purpose of determining the novelty of the invention shall be free not to apply subparagraph (a).]

#### Article 14

##### *Amendment of Correction of Application*

(1) [*Amendments or Corrects Following Office Findings*] Wherever the Office finds that the application does not comply with any requirements applicable to it, it shall give the applicant at least one opportunity to amend or correct the application or to comply with the said requirements. Such an opportunity need not be given before the application has a filing date.

(2) [*Amendments or Corrections on Applicant's Initiative*] The applicant shall have the right, on his own initiative, to amend or correct the application or to comply with a requirement applicable to the application up to the time when the application is in order for grant; however, any Contracting Party which provides for substantive examination may provide that the applicant shall have the right to amend or correct, on his own initiative, the description, the claims and any drawings, only up to the time allowed for the reply to the first substantive communication from the Office.

(3) [*Limitation of Amendments or Corrections*] No amendment or correction of the application may go beyond what has been disclosed in the application as filed.

### *Article 15* *Publication of Application*

(1) [*Requirement to Publish the Application*] (a) Subject to paragraphs (2) to (4), the Office shall publish the application as soon as possible after the expiration of 18 months from the filing date or, where priority is claimed, the priority date.

(b) Notwithstanding subparagraph (a), any Contracting Party that, at the time of depositing its instrument of ratification of, or accession to, this Treaty, does not provide for the publication of applications as provided in subparagraph (a) may notify the Director General at the said time that it reserves the right to publish applications as soon as possible after the expiration of 24 months, rather than 18 months, from the filing date or, where priority is claimed, the priority date.

(2) [*Earlier Publication at Applicant's Request*] If, before the expiration of the time limit referred to in paragraph (1), the applicant requests that the application be published, the Office shall, without delay after the receipt of the request, publish the application.

(3) [*National Security*] Any Contracting Party shall be free not to publish an application for reasons of national security.

(4) [*Circumstances in Which Publication May Not Take Place*]

- (a) No application may be published if it is withdrawn or abandoned or is considered withdrawn or abandoned
  - (i) earlier than two months before the expiration of the time limit applicable under paragraph (1) or,
  - (ii) where the Office completes the technical preparations for publication later than two months before the expiration of the time limit applicable under



paragraph (1), prior to the completion of such preparations.

- (b) No application may be published if it has been rejected.

#### Article 16

##### *Time Limits for Search and Substantive Examination*

(1) [*Time Limits for Search*] (a) If a Contracting Party provides for substantive examination, its Office shall publish, at the same time as the application is published under Article 15, a report, established by or on behalf of that Office, citing any documents that reflect the prior art relevant to the invention claimed in the application (hereinafter referred to as "the search report").

- (b) Notwithstanding subparagraph (a), where Article 15(2) applies, the search report need not be published at the same time as the application, provided that it shall be published as soon as possible, but not later than the expiration of the time limit applicable under Article 15(1).

- (c) If, notwithstanding subparagraphs (a) and (b), for any exceptional reason, the search report cannot be published as provided for in those subparagraphs, it shall be published as soon as possible and in no case later than six months after the expiration of the time limit applicable under Article 15(1).

(2) [*Time Limits for Substantive Examination*] (a) If a Contracting Party provides for substantive examination, its Office shall start the substantive examination of the application not later than three years from the filing date of the application.

- (b) Notwithstanding subparagraph (a), a Contracting Party shall be free to provide that no substantive examination shall be carried out and the application shall be considered withdrawn or abandoned, or shall be rejected, if a request is not made, within three years from the filing date of the application, to its Office by the applicant or any third party that substantive examination should start. Where such a request is made, the Office shall start the substantive examination promptly after receipt of the request.

- (c) The Office shall, wherever possible, reach a final decision on the application not later than two years after the start of substantive examination.

*Article 17*  
*Changes in Patents*

(1) [*Limitation of Extent of Protection*] The owner of a patent shall have the right to request the competent Office to make changes in the patent in order to limit the extent of the protection conferred by it.

(2) [*Obvious Mistakes and Clerical Errors*] The owner of a patent shall have the right to request the competent Office to make changes in the patent in order to correct obvious mistakes or to correct clerical errors.

(3) [*Additional Changes That May Be Allowed*] Each Contracting Party may provide that the owner of a patent shall have the right to request the competent Office to make changes in the patent in order to correct mistakes or errors, other than those referred to in paragraph (2), made in good faith, provided that, where the change would result in a broadening of the extent of protection conferred by the patent, no request may be made after the expiration of two years from the grant of the patent and the change shall not affect the rights of any third party which has relied on the patent as published.

(4) [*Changes Affecting the Disclosure*] No change in the patent shall be permitted under paragraphs (1) or (3) where the change would result in the disclosure contained in the patent going beyond the disclosure contained in the application as filed.

(5) [*Decision in Respect of the Request and Publication of the Changes*] If, and to the extent to which, the competent Office changes the patent according to paragraphs (1), (2) or (3), it shall publish the changes.

*Article 18*  
*Administrative Revocation*

(1) [*Administrative Revocation*] (a) Where a patent was granted after substantive examination, any person shall have the right to request the competent Office to revoke the patent, in whole or in part, at least on the ground that, because of one or several documents available to the public, the conditions of novelty or inventive step are not satisfied.

(b) The request for revocation may be presented during a period to be fixed by the Contracting Party which shall commence from the announcement in the official gazette of the grant of the patent and shall not be less than six months.

- (c) No request for revocation may be based on grounds of non-compliance with formal or procedural requirements.
  - (d) No decision may be made by the Office departing from the request unless the person having made the request has had at least one opportunity to present his arguments on the grounds on which the Office intends to depart from the request.
  - (e) The Office may not revoke the patent, in whole or in part, at the request of a third party, unless the owner of the patent has had at least one opportunity to present his arguments on the grounds on which the Office intends to revoke the patent.
- (2) [*Prohibition of Pre-grant Opposition*] (a) No Contracting Party may allow any party to oppose, before its Office, the grant of patents ("pre-grant opposition").
- (b) Notwithstanding subparagraph (a), any Contracting Party which, at the time of becoming party to this Treaty, provides for the possibility of pre-grant opposition may, for a period not exceeding the expiration of the tenth calendar year after the year in which this Treaty was adopted, continue to do so and, for the same period, it shall not be obliged to apply paragraph (1).
  - (c) Any Contracting Party that wishes to avail itself of the faculty provided for in subparagraph (b) shall address a corresponding notification to the Director General. As long as the notification has effect, any reference in this Treaty or in the Regulations to the time when the application is in order for grant shall be replaced, with respect to that Contracting Party, by a reference to the time when the application is in order for publication for the purposes of pre-grant opposition.

*Article 19*  
*Rights Conferred by the Patent*

*Alternative A*

*Note:* No article on the rights conferred by the patent.

*Alternative B*

(1) [*Products*] Where the subject matter of the patent concerns a product, the owner of the patent shall have the right to prevent third parties from performing, without his authorization, at least the following acts:

- (i) the making of the product,

- (ii) the offering or the putting on the market of the product, the using of the product, or the importing or stocking of the product for such offering or putting on the market or for such use.

(2) [*Processes*] Where the subject matter of the patent concerns a process, the owner of the patent shall have the right to prevent third parties from performing, without his authorization, at least the following acts:

- (i) the using of the process,
- (ii) in respect of any product directly resulting from the use of the process, any of the acts referred to in paragraph (1)(ii), even where a patent cannot be obtained for the said product.

(3) [*Exceptions to Paragraphs (1) and (2)*] (a) Notwithstanding paragraphs (1) and (2), any Contracting Party may provide that the owner of a patent has no right to prevent third parties from performing, without his authorization, the acts referred to in paragraphs (1) and (2) in the following circumstances:

- (i) where the act concerns a product which has been put on the market by the owner of the patent, or with his express consent, insofar as such act is performed after the product has been so put on the market in the territory of that Contracting Party or, where the Contracting Party is a member of a group of States constituting a regional market, in the territory of one of the member States of such group;
  - (ii) where the act is done privately and on a non-commercial scale or for a non-commercial purpose, provided that it does not significantly prejudice the economic interests of the owner of the patent;
  - (iii) where the act consists of making or using exclusively for the purpose of experiments that relate to the subject matter of the patented invention [or for the purpose of seeking regulatory approval for marketing];
  - (iv) where the act consists of the preparation for individual cases, in a pharmacy or by a medical doctor, of a medicine in accordance with a medical prescription or acts concerning the medicine so prepared.
- (b) The provisions of paragraphs (1) and (2) shall not be interpreted as affecting the freedom that Contracting Parties have under the Paris Convention for the Protection of Industrial Property to allow, under certain

circumstances, the performance of acts without the authorization of the owner of the patent.

(4) [*Contributory Infringement*] (a) Subject to subparagraph (b), a patent shall also confer on its owner [at least] the right to prevent a third party from supplying or offering to supply a person, other than a party entitled to exploit the patented invention, with means, relating to an essential element of that invention, for carrying out the invention, when the third party knows, or it is obvious in the circumstances, that those means are suitable and intended for carrying out that invention. This provision shall not apply when the means are staple commercial products and the circumstances of the supply of such products do not constitute inducement to infringe the patent.

(b) Persons performing the acts referred to in paragraph (3)(a)(ii), (iii) and (iv) shall not be considered to be parties entitled to exploit the invention within the meaning of subparagraph (a).

#### *Alternative C*

(1) [*Products*] Where the subject matter of the patent concerns a product, the owner of the patent shall have the right to prevent third parties from performing, without his authorization, at least the following acts:

- (i) the making of the product,
- (ii) the offering for sale of the product, and the using of the product.

(2) [*Processes*] Where the subject matter of the patent concerns a process, the owner of the patent shall have the right to prevent third parties from performing, without his authorization, the using of the process.

(3) [*Exceptions to Paragraph (1) and (2)*] (a) Notwithstanding paragraphs (1) and (2), any Contracting State shall be free to provide that the owner of a patent has no right to prevent third parties from performing, without his authorization, the acts referred to in paragraphs (1) and (2) in the following circumstances:

- (i) where the act concerns the offer for sale or the use of a product which has been offered for sale by the owner of the patent, or with his express consent, insofar as such an act is performed after that product has been so offered for sale in the territory of that Contracting State;
- (ii) where the act is done privately and on a non-commercial scale;

- (iii) where the act consists of making or using for exclusively experimental, academic or scientific research purposes;
- (iv) where the act consists of the preparation for individual cases, in a pharmacy or by a medical doctor, of a medicine in accordance with a medical prescription or acts concerning the medicine so prepared.
- (b) The provisions of paragraphs (1) and (2) shall not be interpreted as affecting the freedom that Contracting States have under the Paris Convention for the Protection of Industrial Property, to allow, under certain circumstances, the performance of acts without the authorization of the owner of the patent.
- (c) Persons performing the acts referred to in paragraph (3)(a)(ii), (iii) and (iv) shall not be considered to be parties entitled to exploit the invention within the meaning of subparagraph (a).

*Article 20*  
*Prior User*

(1) [*Right of Prior User*]

*Alternative A*

Any Contracting Party may provide that, notwithstanding Article 19,

*Alternative B*

Notwithstanding Article 19,

a patent shall have no effect against any person (hereinafter referred to as "the prior user") who, in good faith, for the purposes of his enterprise or business, before the filing date or, where priority is claimed, the priority date of the application on which the patent is granted, and within the territory where the patent produces its effect, was using the invention or was making effective and serious preparations for such use; any such person shall have the right, for the purposes of his enterprise or business, to continue such use or to use the invention as envisaged in such preparations.

(2) [*Successor-in-Title of the Prior User*] The right of the prior user may only be transferred or devolve together with his enterprise or business, or with that part of his enterprise or business in which the use or preparations for use have been made.

*Article 21*  
*Extent of Protection and Interpretation of Claims*

(1) [*Determination of the Extent of Protection*] (a) The extent of protection conferred by the patent shall be determined by the

claims, which are to be interpreted in the light of the description and drawings.

- (b) For the purposes of subparagraph (a), the claims shall be so interpreted as to combine fair protection for the owner of the patent with a reasonable degree of certainty for third parties. In particular, the claims shall not be interpreted as being confined to their strict literal wording. Neither shall the claims be considered as mere guidelines allowing that the protection conferred by the patent extends to what, for a consideration of the description and drawings by a person skilled in the art, the owner has contemplated, but has not claimed.

(2) [*Equivalents*] (a) Notwithstanding paragraph (1)(b), a claim shall be considered to cover not only all the elements as expressed in the claim but also equivalents.

- (b) An element ("the equivalent element") shall generally be considered as being equivalent to an element as expressed in a claim if, at the time of any alleged infringement, either of the following conditions is fulfilled in regard to the invention as claimed:

- (i) the equivalent element performs substantially the same function in substantially the same way and produces substantially the same result as the element as expressed in the claim, or
- (ii) it is obvious to a person skilled in the art that the same result as that achieved by means of the element as expressed in the claim can be achieved by means of the equivalent element.

- (c) Any Contracting Party shall be free to determine whether an element is equivalent to an element as expressed in a claim by reference to only the condition referred to in subparagraph (b)(i) or to only the condition referred to in subparagraph (b)(ii), provided that, at the time of depositing its instrument of ratification of or accession to this Treaty, it so notifies the Director General.

(3) [*Prior Statements*] In determining the extent of protection, due account shall be taken of any statement limiting the scope of the claims made by the applicant or the owner of the patent during procedures concerning the grant or the validity of the patent.

(4) [*Examples*] If the patent contains examples of the embodiment of the invention or examples of the functions or results of the invention, the claims shall not be interpreted as limited to those examples; in particular, the mere fact that a product or process includes additional features not found in the examples disclosed in

the patent, lacks features found in such examples or does not achieve every objective or possess every advantage cited or inherent in such examples shall not remove the product or process from the extent of protection conferred by the claims.

(5) [*Abstract*] The abstract of a patent shall not be taken into account for the purpose of determining the protection conferred by the patent.

## *Article 22* *Term of Patents*

### *Alternative A*

*Note:* No article on the term of patents.

### *Alternative B*

(1) [*Minimum Duration of Protection*] The term of a patent shall be at least 20 years.

(2) [*Starting Date of Term*] (a) The starting date of the term of a patent shall be the filing date of the application on which the patent is granted, whether or not the application claims the priority of another application.

(b) Notwithstanding subparagraph (a), where an application ("the subsequent application") invokes one or more earlier applications without claiming the priority of any of those earlier applications, the starting date of the term of the patent granted on the subsequent application shall be the filing date of the earliest-filed application invoked in the subsequent application.

## *Article 23* *Enforcement of Rights*

(1) [*Enforcement Based on Patents*] The owner of the patent shall have at least the right

- (i) to obtain an injunction to restrain the performance or the likely performance, by any person without his authorization, of any of the acts referred to in Article 19(1), (2) and (4);
- (ii) to obtain damages, adequate under the circumstances, from any person who, without his authorization, performed any of the acts referred to in Article 19(1), (2) and (4), where the said person was or should have been aware of the patent.

(2) [*Enforcement Based on Published Applications*] (a) The applicant shall at least have the right to obtain reasonable compen-



sation from any person who, without his authorization, performed any of the acts referred to in Article 19(1), (2) and (4) in relation to any invention, claimed in the published application, as if a patent had been granted for that invention, provided that the said person, at the time of the performance of the act, had

- (i) actual knowledge that the invention that he was using was the subject matter of a published application, or
  - (ii) received written notice that the invention that he was using was the subject matter of a published application, such application being identified in the said notice by its serial number.
- (b) Any Contracting Party may provide that, with respect to the compensation referred to in subparagraph (a), an action may not be initiated or a decision may not be made until after the grant of a patent on the published application, provided that, if an action may be initiated only after the grant of the patent, the owner of the patent shall have reasonable time to initiate such action.
- (c) For the purposes of subparagraphs (a) and (b), the extent of the protection shall be determined by the claims as appearing in the published application. However, if the claims are amended after the initial publication of the application, the extent of the protection shall be determined by the amended claims in respect of the period following their publication. Furthermore, if the claims of the patent as granted or as changed after its grant have a narrower scope than the claims in the application, the extent of the protection shall be determined by the claims with the narrower scope.

#### *Article 24* *Reversal of Burden of Proof*

##### *Alternative A*

*Note:* No article on the reversal of the burden of proof.

##### *Alternative B*

(1) [*Conditions for the Reversal of the Burden of Proof*] (a) For the purposes of proceedings, other than criminal proceedings, in respect of the violation of the rights of the owner of the patent referred to in Article 19(2), where the subject matter of the patent is a process for obtaining a product, the burden of establishing that a product was not made by the process shall be on the alleged infringer if either of the following conditions is fulfilled:

- (i) the product is new, or
  - (ii) a substantial likelihood exists that the product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used.
- (b) Any Contracting Party shall be free to provide that the burden of proof indicated in subparagraph (a) shall be on the alleged infringer only if the condition referred to in subparagraph (a)(i) is fulfilled or only if the condition referred to in subparagraph (a)(ii) is fulfilled, provided that, at the time of depositing its instrument of ratification of or accession to this Treaty, it so notifies the Director General.

(2) [*Manufacturing and Business Secrets*] In requiring the production of evidence, the authority before which the proceedings referred to in paragraph (1) take place shall take into account the legitimate interests of the alleged infringer in not disclosing his manufacturing and business secrets.

#### *Article 25*

#### *Obligations of the Right Holder*

##### *Alternative A*

*Note:* No article on obligations of the right holder.

##### *Alternative B*

(1) The owner of a patent shall have at least the following obligations in addition to any other provided for in this Treaty:

- (i) to disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art; the description shall set forth at least one mode for carrying out the invention claimed; this shall be done in terms of examples, where appropriate, and with reference to the drawings, if any; however, any Contracting Party may provide that the description set forth the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, priority date of the application;
- (ii) to provide such information and supporting documents in his possession as is requested by the competent Office concerning corresponding foreign applications and grants;

- (iii) to work the patented invention in the territory of the Contracting State for which it is granted within the time limits as provided by national law;
- (iv) to pay, or cause to be paid, such fees as prescribed by national law in relation to the application and the maintenance of the patent granted on it;
- (v) in respect of license contracts and contracts assigning patents, to refrain from engaging in abusive, restrictive or anticompetitive practices adversely affecting the transfer of technology.

(2) The applicant or holder of a patent shall comply with any other obligations established in the national law of the State in which the patent was granted in connection with the acquisition and the exercise of the rights conferred by the patent and with the exploitation of the patented invention.

#### *Article 26*

#### *Remedial Measures Under National Legislation*

##### *Alternative A*

*Note:* No article on remedial measures under national legislation.

##### *Alternative B*

(1) Any Contracting State is free to provide appropriate measures to ensure compliance with the obligations referred to in the Article entitled "Obligations of the Right Holder," and for measures to remedy non-compliance with such obligations, including the grant of non-voluntary licenses and the revocation or forfeiture of the patent.

(2) A non-voluntary license under paragraph (1) shall be refused if the owner of the patent proves, to the satisfaction of the national authorities competent to grant non-voluntary licenses, that there are circumstances which justify the non-working or insufficient working of the patented invention.

(3) Any Contracting State is free to provide, at any time, on grounds of public interest, national security, nutrition, health, or the development of other vital sectors of national economy, for the grant of non-voluntary licenses or for the exploitation of the patented invention by the government of that country or by third persons authorized by it.

*Article 27*  
*Assembly*

(1) [*Composition*] (a) The Union shall have an Assembly consisting of the Contracting Parties.

(b) Each Contracting Party shall be represented by one delegate, who may be assisted by alternative delegates, advisors and experts.

(c) The Union shall not bear the expenses of the participation of any delegation in any session of the Assembly.

(2) [*Tasks*] (a) The Assembly shall:

- (i) deal with all matters concerning the maintenance and development of the Union and the implementation of this Treaty;
- (ii) modify, where it considers it desirable, any time limit provided for in Articles 3 to 26 of this Treaty and make any consequential amendments necessitated by any such modification; the adoption of any such modification shall require unanimous consent;
- (iii) adopt, where it considers it desirable, guidelines for the implementation of provisions of this Treaty or the Regulations under this Treaty;
- (iv) exercise such rights and perform such tasks as are specifically conferred upon it or assigned to it under this Treaty;
- (v) give directions to the Director General concerning the preparations for any conference referred to in Article 31 or Article 32 and decide the convocation of any such conference;
- (vi) review and approve the reports and activities of the Director General concerning the Union, and give him all necessary instructions concerning matters within the competence of the Union;
- (vii) establish such committees and working groups as it deems appropriate to achieve the objectives of the Union;
- (viii) determine which States and intergovernmental organizations, other than Contracting Parties, and which non-governmental organizations shall be admitted to its meetings as observers;
- (ix) take any other appropriate action designed to further the objectives of the Union and perform such other functions as are appropriate under this Treaty.

- (b) With respect to matters which are of interest also to other Unions administered by the Organization, the Assembly shall make its decisions after having heard the advice of the Coordination Committee of the Organization.

(3) [*Representation*] A delegate may represent one Contracting Party only.

(4) [*Voting*] (a) Subject to subparagraph (e), each Contracting Party that is a State shall have one vote and shall vote only in its own name.

- (b) Any intergovernmental organization referred to in Article 33(1)(ii) that is a Contracting Party may exercise the right to vote of its member States that are Contracting Parties, [whether] present [or absent] at the time of voting. The intergovernmental organization may not, in a given vote, exercise the right to vote if any of its member States participates in the vote or expressly abstains.

- (c) Provided that all its member States that are Contracting Parties have notified the Director General that their right to vote may be exercised by it, any intergovernmental organization referred to in Article 33(1)(iii) that is a Contracting Party may so exercise the right to vote of its member States that are Contracting Parties, [whether] present [or absent] at the time of voting. The intergovernmental organization may not, in a given vote, exercise the right to vote of any of its member States if any of them participates in the vote or expressly abstains.

- (d) The right to vote of a State that is a Contracting Party may not, in a given vote, be exercised by more than one intergovernmental organization.

- (e) No Contracting Party shall have the right to vote on questions concerning matters in respect of which it has made a declaration under Article 35.

(5) [*Quorum*] (a) One-half of the Contracting Parties that have the right to vote shall constitute a quorum, provided that, for the purposes of determining whether there is a quorum in respect of any question concerning any matter on which a declaration under Article 35 has been made, any Contracting Party not having the right to vote on that question shall not be counted.

- (b) In the absence of the quorum, the Assembly may make decisions but, with the exception of decisions concerning its own procedure, all such decisions shall take ef-

fect only if the quorum and the required majority are attained through voting by correspondence.

(6) [*Majorities*] (a) Subject to paragraphs (2)(a)(ii) and (9)(b) of this Article and to Articles 29(2) and (3) and 30(4), the decisions of the Assembly shall require a majority of the votes cast.

(b) Abstentions shall not be considered as votes.

(7) [*Sessions*] (a) The Assembly shall meet once in every second calendar year in ordinary session upon convocation by the Director General and, in the absence of exceptional circumstances, during the same period and at the same place as the General Assembly of the Organization.

(b) The Assembly shall meet in extraordinary session upon convocation by the Director General, either at the request of one-fourth of the Contracting Parties or on the Director General's own initiative.

(8) [*Rules of Procedure*] The assembly shall adopt its own rules of procedure.

(9) [*Guidelines*] (a) In the case of conflict between the guidelines referred to in paragraph (2)(a)(iii) and the provisions of this Treaty or the Regulations under this Treaty, the latter shall prevail.

(b) The adoption by the Assembly of the said guidelines shall require three-fourths of the votes cast.

## *Article 28* *International Bureau*

(1) [*Tasks*] The International Bureau of the Organization shall:

- (i) perform the administrative tasks concerning the Union, as well as any tasks specifically assigned to it by the Assembly;
- (ii) provide the secretariat of the conferences referred to in Articles 31 and 32, of the Assembly, of the committees and working groups established by the Assembly, and of any other meeting convened by the Director General under the aegis of the Union.

(2) [*Director General*] The Director General shall be the chief executive of the Union and shall represent the Union.

(3) [*Meetings Other than Sessions of the Assembly*] The Director General shall convene any committee and working group established by the Assembly and all other meetings dealing with matters of concern to the Union.

(4) [*Role of the International Bureau in the Assembly and Other Meetings*] (a) The Director General and any staff member designated by him shall participate, without the right to vote, in all meetings of the Assembly, the committees and working groups established by the Assembly, and any other meetings convened by the Director General under the aegis of the Union.

(b) The Director General or a staff member designated by him shall be ex officio secretary of the Assembly, and of the committees, working groups and other meetings referred to in subparagraph (a).

(5) [*Conferences*] (a) The Director General shall, in accordance with the directions of the Assembly, make the preparations for any conference referred to in Article 31 or Article 32.

(b) The Director General may consult with intergovernmental and international and national non-governmental organizations concerning the said preparations.

(c) The Director General and staff members designated by him shall take part, without the right to vote, in the discussions at any conference referred to in subparagraph (a).

(d) The Director General or a staff member designated by him shall be ex officio secretary of any conference referred to in subparagraph (a).

#### *Article 29 Regulations*

(1) [*Content*] The Regulations annexed to this Treaty provide rules concerning

- (i) matters which this Treaty expressly provides are to be "prescribed";
- (ii) any details useful in the implementation of the provisions of this Treaty;
- (iii) any administrative requirements, matters or procedures.

(2) [*Amending the Regulations*] (a) The Assembly may amend the Regulations and shall determine the conditions for the entry into force of each amendment.

(b) Subject to the provisions of paragraph (3), any amendment of the Regulations shall require three-fourths of the votes cast.

(3) [*Requirement of Unanimity*] (a) The Regulations may specify rules which may be amended only by unanimous consent.

- (b) Exclusion, for the future, of any rules designated as requiring unanimous consent for amendment from such requirement shall require unanimous consent.
- (c) Inclusion, for the future, of the requirement of unanimous consent for the amendment of any rule shall require unanimous consent.

(4) [*Conflict Between the Treaty and the Regulations*] In the case of conflict between the provisions of this Treaty and those of the Regulations, the former shall prevail.

### *Article 30* *Settlement of Disputes*

(1) [*Consultations*] (a) Where any dispute arises concerning the interpretation or implementation of this Treaty, a Contracting Party may bring the matter to the attention of another Contracting Party and request the latter to enter into consultations with it.

(b) The Contracting Party so requested shall provide, within the prescribed time limit, an adequate opportunity for the requested consultations.

(c) The Contracting Parties engaged in consultations shall attempt to reach, within a reasonable period of time, a mutually satisfactory solution of the dispute.

(2) [*Other Means of Settlement*] If a mutually satisfactory solution is not reached within a reasonable period of time through the consultations referred to in paragraph (1), the parties to the dispute may agree to resort to other means designed to lead to an amicable settlement of their dispute, such as good offices, conciliation, mediation and arbitration.

(3) [*Panel*] (a) The Assembly shall adopt rules for the establishment of a body of experts, any candidate having to be presented by a Contracting Party. It shall adopt rules concerning the manner of selecting the members of each panel, each panel having three members, none of which shall, unless the parties to the dispute agree otherwise, be from either party to the dispute. The Assembly shall also adopt rules for the conduct of the panel proceedings, including provisions to safeguard the confidentiality of the proceedings and of any material designated as confidential by any participant in the proceedings. Each panel shall give full opportunity to the parties to the dispute and any other interested Contracting Parties to present to it their views.

(b) If the dispute is not satisfactorily settled through the consultations referred to in paragraph (1), or if the means referred to in paragraph (2) are not resorted to, or do not lead to an amicable settlement within a rea-



sonable period of time, the Director General, at the written request of either of the parties to the dispute, shall appoint members of a panel to examine the matter.

- (c) The terms of reference of the panel shall be agreed upon by the parties to the dispute. However, if such agreement is not achieved within the prescribed time limit, the Director General shall set the terms of reference of the panel after having consulted the parties to the dispute and the members of the panel.
- (d) If both parties to the dispute so request, the panel shall stop its proceedings.
- (e) Unless the parties to the dispute reach an agreement between themselves prior to the panel's concluding its proceedings, the panel shall promptly prepare the draft of a written report containing a statement of the facts of the case and containing recommendations for the resolution of the dispute and provide it to the parties to the dispute for their review. The parties to the dispute shall have a reasonable period of time, the length of which shall be fixed by the panel, to submit any comments on the report to the panel, unless they agree to a longer time in their attempts to reach a mutually satisfactory resolution to their dispute.
- (f) The panel shall take into account the comments and shall promptly transmit its final report to the Assembly, which report shall be accompanied by the written comments, if any, of the parties to the dispute.

(4) [*Recommendation by the Assembly*] The Assembly shall give the report of the panel prompt consideration. The Assembly shall make recommendations to the parties to the dispute, based upon its interpretation of this Treaty and the report of the panel. Any recommendation by the Assembly shall require consensus among the members of the Assembly other than the parties to the dispute.

#### *Article 31* *Revision of the Treaty*

This Treaty may be revised by a conference of the Contracting Parties.

*Article 32*  
*Protocols*

For the purposes of further developing the harmonization of patent law, protocols may be adopted by a conference of the Contracting Parties, provided that the provisions of any such protocol shall not contravene the provisions of this Treaty. Only Contracting Parties may become party to any such protocol.

*Article 33*  
*Becoming Party to the Treaty*

(1) [*Eligibility*] The following may become party to this Treaty:

- (i) any State which is a party to the Paris Convention for the Protection of Industrial Property and in respect of which patents may be obtained either through the State's own Office or through the Office of another Contracting Party;
- (ii) any intergovernmental organization which is competent in matters governed by this Treaty and which has established, on such matters, norms that are binding on all its member States, provided that all those States are party to the Paris Convention for the Protection of Industrial Property;
- (iii) any intergovernmental organization which maintains an Office granting patents with effect in more than one State, provided that all of its member States are party to the Paris Convention for the Protection of Industrial Property.

(2) [*Signature; Deposit of Instrument*] To become party to this Treaty, the State or the intergovernmental organization shall:

- (i) sign this Treaty and deposit an instrument of ratification, or
- (ii) deposit an instrument of accession.

(3) [*Condition as to Effect of Instrument*] (a) Any instrument of ratification or accession (hereinafter referred to as "instrument") may be accompanied by a declaration making it a condition to its being considered as deposited that the instrument of one State or one intergovernmental organization, or the instruments of two States, or the instruments of one State and one intergovernmental organization, specified by name and eligible to become party to this Treaty according to paragraph (1)(i) or (iii), is or are also deposited. The instrument containing such a declaration shall be considered to have been deposited on the day on which the condition indicated in

the declaration is fulfilled. However, when the deposit of an instrument specified in the declaration is, itself, accompanied by a declaration of the said kind, that instrument shall be considered as deposited on the day on which the condition specified in the latter declaration is fulfilled.

- (b) Any declaration made under paragraph (a) may be withdrawn, in its entirety or in part, at any time. Any such withdrawal shall become effective on the date on which the notification of withdrawal is received by the Director General.

#### *Article 34* *Entry Into Force of the Treaty*

(1) [*Entry Into Force*] This Treaty shall enter into force three months after eight States or intergovernmental organizations have deposited their instruments of ratification or accession (hereinafter referred to as "instrument").

(2) [*Entities Not Covered by the Entry Into Force*] Any State or intergovernmental organization not covered by paragraph (1) shall become bound by this Treaty three months after the date on which it has deposited its instrument, unless a later date has been indicated in the instrument. In the latter case, the said State or intergovernmental organization shall become bound by this Treaty on the date thus indicated.

#### *Article 35* *Reservations*

##### *Alternative A*

*Note:* No article on reservations.

##### *Alternative B*

(1) [*Possibility of Making Reservations*] (a) Any instrument of ratification of, or accession to, this Treaty that is deposited not later than the end of the eighth calendar year after the year in which this Treaty has been adopted may be accompanied by a declaration making reservations to this Treaty as provided for in paragraphs (2) to (5).

- (b) No reservations to this Treaty other than the reservations allowed under paragraphs (2) and (5) are permitted.

(2) [*Fields of Technology*] (a) Any State or intergovernmental organization may declare that, notwithstanding the provisions of Article 10, patents will not be granted by the competent Office in

the fields of technology specified in its declaration, provided that such a declaration may only specify those fields of technology which, at the time of making the declaration, are fields for which that State or intergovernmental organization provides for the exclusion of the grant of patents.

- (b) Any declaration made under subparagraph (a) by a developing country or by an intergovernmental organization all the members of which are developing countries shall lose its effect at the end of the fifteenth calendar year after the year in which this Treaty has been adopted. Any declaration made under subparagraph (a) by any other State or intergovernmental organization shall lose its effect at the end of the tenth calendar year after the year in which this Treaty has been adopted.

(3) [*Certain Rights Conferred by Process Patents*] (a) Any State which is a developing country or any intergovernmental organization all the members of which are developing countries and which, at the time of making the declaration, does not provide for the right referred to in Article 19(2)(ii) may declare that it will not apply that provision.

- (b) Any declaration made under subparagraph (a) shall lose its effect at the end of the fifteenth calendar year after the year in which the Treaty has been adopted.

(4) [*Term of Patent*] (a) Any State or intergovernmental organization which, at the time of making the declaration, provides that the protection conferred by a patent shall end before the expiration of the 20-year period referred to in Article 22(1) may declare that it will not apply that provision.

- (b) Any declaration made under subparagraph (a) by a developing country or by an intergovernmental organization all the members of which are developing countries shall lose its effect at the end of the fifteenth calendar year after the year in which the Treaty has been adopted. Any declaration made under subparagraph (a) by any other State or intergovernmental organization shall lose its effect at the end of the tenth calendar year after the year in which the Treaty has been adopted.

(5) [*Reversal of Burden of Proof*] (a) Any State which is a developing country or any intergovernmental organization all the members of which are developing countries and which, at the time of making the declaration, does not provide for the reversal of the burden of proof referred to in Article 24 may declare that it will not apply that provision.

- (b) Any declaration made under subparagraph (a) shall lose its effect at the end of the fifteenth calendar year after the year in which the Treaty has been adopted.

*Article 36*  
*Special Notifications*

(1) [States] (a) Any State in respect of which patents may be obtained only through the Office of another Contracting Party shall notify this fact and shall identify such Contracting Party.

- (b) Any change in the fact notified by a State under subparagraph (a) shall be promptly notified by such State.

(2) [*Intergovernmental Organizations Referred to in Article 33(1)(ii)*] (a) Any intergovernmental organization referred to in Article 33(1)(ii) shall notify the list of its member States and, if its norms deal with only some of the matters covered by Article 3 to 26, shall notify this fact and shall, among the provisions of the said Articles, identify those provisions with which its norms deal. The other provisions of the said Articles shall not bind the intergovernmental organization.

- (b) If the norms of the intergovernmental organization referred to in subparagraph (a) later deal with any matter covered by Article 3 to 26 concerning which the intergovernmental organization has not made a notification under subparagraph (a), the intergovernmental organization shall be bound by the corresponding provisions of this Treaty and shall promptly notify the relevant changes in its norms.

(3) [*Intergovernmental Organizations Referred to in Article 33(1)(iii)*] (a) Any intergovernmental organization referred to in Article 33(1)(iii) shall notify the list of its member States and, if its norms do not deal with any of the matters covered by Articles 19 to 26, shall notify this fact and shall, among the provisions of the said Articles, identify those provisions with which its norms do not deal. The latter provisions shall not bind the intergovernmental organization.

- (b) If the norms of the intergovernmental organization referred to in subparagraph (a) later deal with any matter concerning which the intergovernmental organization has made a notification under subparagraph (a), the intergovernmental organization shall be bound by the corresponding provisions of this Treaty and shall promptly notify the relevant changes in its norms.

(4) [*Time of Notification*] (a) Any notification under paragraphs (1)(a), (2)(a) or (3)(a) shall accompany the instrument of ratification or accession.

(b) Any change under paragraphs (1)(b), (2)(b) or (3)(b) shall be notified promptly in a declaration deposited with the Director General.

#### *Article 37*

##### *Denunciation of the Treaty*

(1) [*Notification*] Any Contracting Party may denounce this Treaty by notification addressed to the Director General.

(2) [*Effective Date*] Denunciation shall take effect one year from the date on which the Director General has received the notification. It shall not affect the application of this Treaty to any application pending or any patent in force in respect of the denouncing Contracting Party at the time of the expiration of the said one-year period.

#### *Article 38*

##### *Languages of the Treaty; Signature*

(1) [*Original Texts; Official Texts*] (a) This Treaty shall be signed in a single original in the English, Arabic, Chinese, French, Russian and Spanish languages, all texts being equally authentic.

(b) Official texts shall be established by the Director General, after consultation with the interested Governments, in such other languages as the Assembly may designate.

(2) [*Time Limit for Signature*] This Treaty shall remain open for signature at the headquarters of the Organization for one year after its adoption.

#### *Article 39*

##### *Depositary*

The Director General shall be the depositary of this Treaty.

DRAFT REGULATIONS  
UNDER THE TREATY SUPPLEMENTING THE PARIS  
CONVENTION FOR THE PROTECTION OF INDUSTRIAL  
PROPERTY AS FAR AS PATENTS ARE CONCERNED  
(PATENT LAW TREATY)

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### Rule 1

#### *Definitions* (*ad Article 2*)

(1) [*"Treaty"; "Article"*] (a) In these Regulations, the word "Treaty" means the Treaty Supplementing the Paris Convention for the Protection of Industrial Property as far as Patents Are Concerned (Patent Law Treaty).

(b) In these Regulations, the word "Article" refers to the specified Article of the Treaty.

(2) [*Expressions Defined in the Treaty*] The expressions defined in Article 2 for the purposes of the Treaty shall have the same meaning for the purposes of these Regulations.

(3) [*Means of Publication*] For the purposes of Article 2(viii), an application, a search report, a patent or any change in a patent shall be deemed to be "made accessible to the public" if any person so wishing, against payment or free of charge, can

- (i) obtain from the Office paper copies of the application, the search report, the patent or the document reflecting the change,
- (ii) inspect, at the Office, the application, the search report, the patent or the document reflecting the change and, on request, obtain from the Office paper copies thereof, or
- (iii) take cognizance, by means of electronic communication, of the application, the search report, the patent or the change and make, if he so wishes, paper copies thereof.

### Rule 2

#### *Contents and Order of Description* (*ad Article 3(2)*)

(1) [*Contents of Description*] The description shall, after stating the title of the invention,

- (i) specify the technical field or fields to which the invention relates;
- (ii) indicate the background art which, as far as known to the applicant, can be regarded as useful for the understanding, searching and examination of the invention, and, preferably, cite the documents reflecting such background art;
- (iii) describe the invention, as claimed, in such terms that the technical problem (even if not expressly stated as such) and its solution can be under-



- stood, and state the advantageous effects, if any, of the invention with reference to the background art;
- (iv) where a deposit of biologically reproducible material is required under Article 3(1)(b), indicate the fact that the deposit has been made and identify at least the name and address of the depositary institution, the date of the deposit and the accession number given to the deposit by that institution, as well as describe, to the extent possible, the nature and the characteristics of such material, relevant to the requirement of disclosure of the invention;
  - (v) briefly describe the figures in the drawings, if any;
  - (vi) set forth at least one mode for carrying out the invention claimed; this shall be done in terms of examples, where appropriate, and with reference to the drawings, if any; however, any Contracting Party may provide that the description set forth the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, priority date of the application;
  - (vii) indicate explicitly, when it is not otherwise obvious from the description or nature of the invention, the way or ways in which the invention satisfies the requirement of being useful or industrially applicable.

#### *Alternative A*

(2) [*Manner and Order of Presentation of Contents*] (a) The contents of the description shall be presented in the order specified in paragraph (1), unless, because of the nature of the invention, a different order would afford a better understanding or a more economical presentation.

- (b) Any Contracting Party may accept a description which does not contain the matters specified in paragraph (1)(i), (ii) and (v), or which contains, in lieu of the matter specified in paragraph (1)(iii), a description of the invention in any terms that satisfy the requirement of a disclosure of the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art.

*Alternative B*

(2) [*Manner and Order of Presentation of Contents*] The contents of the description shall be presented in the manner and order specified in paragraph (1), unless, because of the nature of the invention, a different manner or a different order would afford a better understanding or a more economical presentation.

(3) [*Nucleotides and Amino Acid Sequences*] Any Contracting Party may, where the application contains disclosure of a nucleotide or amino acid sequence, provide for special requirements concerning the place, mode and format of such disclosure.

*Rule 3*  
*Manner of Claiming*  
(*ad Article 4(5)*)

(1) [*Consecutive Numbering*] Where the application contains several claims, they shall be numbered consecutively in arabic numerals.

(2) [*Method of Definition of Invention*] The definition of the matter for which protection is sought shall be in terms of the technical features of the invention.

(3) [*Form of Claim*] Claims shall be written either

- (i) in two parts, the first part consisting of a statement indicating those technical features of the invention which are necessary in connection with the definition of the claimed subject matter and which, in combination, appear to be part of the prior art, the second part ("the characterizing portion"), introduced by the words "characterized in that," "characterized by," wherein the improvement comprises," or other words to the same effect, consisting of a statement indicating those technical features which, in combination with the features stated in the first part, define the matter for which protection is sought; or
- (ii) in a single statement containing a recitation of a combination of several elements or steps, or a single element or step, which defines the matter for which protection is sought.

(4) [*References in the Claims to the Description and Drawings*]

(a) No claim may contain, in respect to the technical features of the invention, a reference to the description or any drawings, for example, such references as: "as described in part . . . of the description," or "as illustrated in figure . . . of the drawings," unless such a refer-

ence is necessary for the understanding of the claim or enhances the clarity or the conciseness of the claim.

- (b) No claim may contain any drawing or graph. Any claim may contain tables and chemical or mathematical formulas.
- (c) Where the application contains a drawing, the mention of any technical feature in a claim may, if the intelligibility of that claim can thereby be enhanced, include a reference sign to that drawing or to the applicable part of that drawing; such a reference sign shall be placed between square brackets or parentheses; it shall not be construed as limiting the claim.

(5) [*Dependent and Multiple Dependent Claims*] (a) Any claim which includes all the features of another claim of the same category or several other claims of the same category (hereinafter referred to as "dependent claim" and "multiple dependent claim," respectively) shall, preferably in the beginning, refer to the other claim or the other claims, as the case may be, by indicating the number of the other claim or the numbers of the other claims and shall then state those features claimed that are additional to the features claimed in the other claim or the other claims.

- (b) A dependent claim may depend on another dependent claim or on a multiple dependent claim. A multiple dependent claim may depend on a dependent claim or another multiple dependent claim. Multiple dependent claims may refer in the alternative or in the cumulative to the claims on which they depend.
- (c) All dependent claims referring back to the same claim, and all multiple claims referring back to the same claims, shall be grouped together in the most practical way possible.

#### *Rule 4*

##### *Details Concerning the Requirement of Unity of Invention (ad Article 5(1))*

(1) [*Circumstances in Which the Requirement of Unity of Invention Is to Be Considered Fulfilled*] Where a group of inventions is claimed, the requirement of unity of invention shall be fulfilled only when there is a technical relationship among those inventions involving one or more of the same or corresponding special technical features. The expression "special technical features" shall mean those technical features that define a contribution which each of those inventions, considered as a whole, makes over the prior art.

(2) [*Determination of Unity of Invention Not Affected by Manner of Claiming*] The determination whether a group of inventions is so linked as to form a single general inventive concept shall be made without regard to whether the inventions are claimed in separate claims or as alternatives within a single claim.

*Rule 5*  
*Divisional Applications*  
(*ad Article 5(1)*)

(1) [*Time Limit*] (a) The applicant may file one or more divisional applications at any time up to at least the time when the initial application is in order for grant.

(b) Notwithstanding subparagraph (a), any Contracting Party which establishes a time limit for compliance by the applicant with all requirements for the grant of a patent may provide that no divisional application may be filed during the six months preceding the expiration of that time limit.

(2) [*Priority Documents*] Priority documents and any translations thereof that are submitted to the Office in respect of the initial application shall be considered as having been submitted also in respect of the divisional application or applications.

*Rule 6*  
*Manner of Identification and Mention of Inventor*  
(*ad Article 6*)

(1) [*Manner of Identification and Mention*] (a) The identification of the inventor referred to in Article 6(1)(a) shall consist of the indication of the inventor's name and address.

(b) The mention of the inventor referred to in Article 6(2) shall consist of at least the indication of the inventor's name.

(2) [*Procedure in Case of Non-Compliance with Requirements*] (a) If the application and the documents accompanying it do not comply with the requirements provided for under Article 6(1)(a) and, where applicable, Article 6(3), the Office shall invite the applicant to comply with the said requirements within a reasonable time limit.

(b) The application may not be rejected for failure to comply with the said requirements where such an invitation has not been extended to the applicant.

(3) [*Corrections*] The applicant may correct, at any time, the identification of the inventor given in accordance with Article

6(1)(a). Any Contracting Party may require the consent of any previously designated inventor before accepting such a correction.

*Rule 7*

*Details Concerning the Filing Date Requirements  
(ad Article 8)*

(1) [*Time Limits*] (a) The time limit referred to in Article 8(2)(a) shall be at least two months from the date on which the elements referred to in Article 8(1) have been received by the Office.

(b) The time limit referred to in Article 8(4) shall be at least two months from the date on which the application containing the reference to the previously filed application has been received by the Office.

(c) The time limit referred to in Article 8(5)(b) shall be at least two months from the date on which the item requiring translation has been received by the Office.

(2) [*Procedure in Case of Non-Compliance with Requirements*] If the application does not, at the time of its receipt by the Office, comply with any of the requirements of Article 8(1) or the applicable requirements, if any, of Article 8(2)(a), Article 8(4) or Article 8(5)(b) that the application must satisfy either on receipt or within a prescribed time limit thereafter, the Office shall promptly invite the applicant to comply with such requirement within a time limit fixed in the invitation, which time limit shall be at least one month from the date of the invitation or, where the non-compliance relates to a matter for which a time limit for compliance is established by paragraph (1), the time limit referred to in paragraph (1), whichever expires later. Compliance with the invitation may be subject to the payment of a special fee. Failure to send an invitation shall not alter the said requirements.

(3) [*Filing Date in Case of Correction*] If, within the time limit fixed in the invitation, the applicant complies with the invitation referred to in paragraph (2) and pays the required special fee, if any, the filing date shall be the date on which the elements referred to in Article 8(1) have been received by the Office. Otherwise, the application shall be treated as if it had not been filed.

(4) [*Date of Receipt*] Each Contracting Party shall be free to determine the circumstances in which the receipt of a document by a branch or sub-office of an Office, by a national Office on behalf of an intergovernmental organization having the power to grant regional patents, or by an official postal service, shall be deemed to constitute receipt of the document by the Office concerned.

(5) [*Correction of Translations*] Any translation of the parts of the application, or of the text matter, referred to in Article 8(5)(b) and (c) may be corrected at any time up to the time when the application is in order for grant in order to conform to the wording of those parts or that text matter furnished in a language other than the official language.

*Rule 8*

*Announcement in the Gazette of the  
Publication of an Application  
(ad Article 15(1))*

The publication of an application shall be announced in the official gazette with an indication of at least the following data:

- (i) the name of the applicant,
- (ii) the title of the invention,
- (iii) the filing date and the serial number of the application,
- (iv) where priority is claimed, the filing date and the serial number of the application the priority of which is claimed and the name of the Office with which that application was filed,
- (v) if available, the symbols of the International Patent Classification.

*Rule 9*

*Announcement in the Gazette of the  
Publication of a Change in a Patent  
(ad Article 17(5))*

The publication of a change in a patent shall be announced in the official gazette with an indication of at least the following data:

- (i) the name of the owner of the patent,
- (ii) the serial number of the patent,
- (iii) the date of the change,
- (iv) the nature of the change.

*Rule 10*

*Announcement in the Gazette of the  
Grant of a Patent  
(ad Article 18(1)(b))*

The grant of a patent shall be announced in the official gazette with an indication of at least the following data:

- (i) the name of the owner of the patent,
- (ii) the title of the invention,

- (iii) the filing date and the serial number of the application,
- (iv) where priority is claimed, the filing date and the serial number of the application the priority of which is claimed and the name of the Office with which that application was filed,
- (v) the serial number of the patent,
- (vi) if available, the symbols of the International Patent Classification.

*Rule 11*

*Absence of Quorum in the Assembly*  
(ad Article 27)

In the case provided for in Article 27(5)(b), the International Bureau shall communicate the decisions of the Assembly (other than those concerning the Assembly's own procedure) to the Contracting Parties having the right to vote which were not represented and shall invite them to express in writing their vote or abstention within a period of three months from the date of the communication. If, at the expiration of that period, the number of Contracting Parties having thus expressed their vote or abstentions attains the number of Contracting Parties which was lacking for attaining the quorum in the session itself, such decisions shall take effect provided that at the same time the required majority still obtains.

*Rule 12*

*Requirement of Unanimity for Amending Certain Rules*  
(ad Article 29(3))

Amendment of Rule 2(1)(vi) or Rule 3(3) of these Regulations shall require that no Contracting Party having the right to vote in the Assembly vote against the proposed amendment.

*Rule 13*

*Settlement of Disputes*  
(ad Article 30)

(1) [*Time Limit for Consultations*] The time limit referred to in Article 30(1)(b) shall be two months from the date of the request to enter into consultations.

(2) [*Time Limit for Reaching Agreement on the Terms of Reference of the Panel*] The time limit referred to in Article 30(3)(c)

shall be three months from the date on which the Director General appointed the members of the panel.

[End]



