

**A SECOND “NEW KAWAI”: UNFAIR PRIORITY STANDARD  
FOR FOREIGN APPLICANTS IN THE *LEAHY*  
*SMITH AMERICA INVENTS ACT OF 2011*\***

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I. INTRODUCTION	2
II. CONVENTIONAL WISDOM: OVERLOOKING THE <i>KAWAI</i> ISSUE	3
III. WHAT REALLY HAPPENED? FAUX LEGISLATIVE HISTORY	7
IV. LEGISLATIVE FIX TO CORRECT A LEGISLATIVE OVERSIGHT	9
V. CONCLUSION	10

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\* Cf. T. Aoyama, *The Hoechst Case - A New Kawai*, 59 J. PAT. OFF. SOC'Y 263 (1977).

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## I. INTRODUCTION

“Kawai!”<sup>1</sup>

The *Kawai* case has been a symbol of American discrimination against foreign applicants.<sup>2</sup> In essence, if a foreign applicant files first in his “home country” under his local disclosure standard, his American Paris Convention priority application is *denied* priority unless his “home country” application meets the standards for priority under what is 35 USC § 112(a) of the *Leahy Smith America Invents Act* of 2011.

It turns out that, whether deliberately or by accident, the new priority ground rules of the *Leahy Smith America Invents Act* of 2011 create a new priority discrimination: The issue concerns priority based upon an original application, whether the original application is a “home country” overseas priority application under the Paris Convention under 35 USC § 119(a), a parent provisional under 35 USC § 119(e) or a regular parent for continuing application under 35 USC § 120. What happens if the original application fails to disclose the “best mode contemplated” as of the original filing date? Is there basis for priority under 35 USC §§ 119(a), 119(e) or 120?

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<sup>1</sup> For the *Kawai* case, see *In re Ziegler*, 992 F.2d 1197, 1200 (Fed. Cir. 1993)(citing *Kawai v. Metlesics*, 480 F.2d 880, 885–89 (CCPA 1973); *Anderson v. Natta*, 480 F.2d 1392, 1399 (CCPA 1973)) (“A foreign patent application must meet the requirements of 35 U.S.C. § 112, first paragraph, in order for a later filed United States application to be entitled to the benefit of the foreign filing date under 35 U.S.C. § 119.”).

<sup>2</sup> See Todd R. Miller, *United States Provisional Patent Applications And Paris Convention Priority Rights-- “The Same Effect”*, 37 IDEA: J.L. & Tech 161, 177 n. 93 (1996)(citing *In re “Allopurinol,”* 1975 GRUR 131 (German Federal Supreme Court), noted 7 INT’L REV. INDUS. PROP. AND COPYRIGHT L. 105 (1976); *In re Hoechst*, Tokyo High Court (1977); cf. *Alpha-interferons/Biogen*, T 301/87, 1990 O.J. EPO 335, noted 21 INT’L REV. INDUS. PROP. AND COPYRIGHT L. 838 (1990) (creating a legal fiction that broad claims are entitled to priority based upon narrow disclosure); *Snackfood/Howard*, T 73/88, 1990 OJ EPO No. 5, noted 22 INT’L REV. INDUS. PROP. AND COPYRIGHT L. 248 (1991) (elements that are not connected to function and effect of invention are not necessarily essential features for determining priority). See generally T. Aoyama, *The Hoechst Case - A New Kawai*, 59 J. PAT. OFF. SOC’Y 263 (1977) (discussing parallels between the *Hoechst* and *Kawai* cases); L. Walter, *Comment to the Hoechst Case*, 8 INT’L REV. INDUS. PROP. AND COPYRIGHT L. 566, 570 (1977) (Japanese government retaliated by establishing its own unity of invention disclosure standard.”)

Under the express wording of the statute, to the extent the prior case law governs, priority is *denied* where priority is based upon a “home country” application under § 119(a), but due to statutory wording priority is *granted* for priority based upon a provisional or regular application under §§ 119(e), 120.

This paper commences with an understanding of the “Kawai problem” and how Paris Convention issues may get lost in the legislative shuffle. *See* § II, *Conventional Wisdom: Overlooking the Kawai Issue*.

What *did* happen in the legislative process? How, precisely, did Congress fail to make an appropriate amendment to Section 119 to provide parity for priority to all types of priority applications. *See* § III, *What Really Happened? Faux Legislative History*.

It is untenable to await a test case to see whether the *faux* legislative history is followed to provide parity of results for priority filings. The simple solution is a very minor legislative fix that would provide certainty and mitigate further “Kawai” problems. *See* § IV, *A Legislative Fix to Correct a Legislative Oversight*.

## **II. CONVENTIONAL WISDOM: OVERLOOKING THE KAWAI ISSUE**

It is the conventional wisdom that “the [*Leahy Smith America Invents Act* of 2011] expressly removed the requirement of disclosing the best mode in an earlier application for the purposes of showing entitlement to priority/benefit.” MaCharri Vorndran-Jones, Donna M. Meuth, Tom Irving, Deborah Herzfeld & Stacy Lewis, *Top Five Dangers For The AIA Unwary*, *Landslide*, 5 No. 5 *Landslide* 10, 12 (May/June 2013)(footnote deleted). “[T]he best mode requirement is no longer enforceable.” *See also* Rochelle C. Dreyfuss, *Percolation, Uniformity, and Coherent Adjudication: The Federal Circuit Experience*, 66 *SMU L. Rev.* 505, 537 (2013).

Not so fast.

Until the Federal Circuit decides a test case on point, the question remains open: Where a foreign priority application under the Paris Convention fails to disclose the “best mode contemplated” as of the foreign priority application date, does that failure void the priority right for a United States application?

This remains an open question, despite the fact it is now clear through statutory wording applicable to priority based upon a regular parent (e.g.,

continuation) or provisional that there is *no violation* in the case of a regular or provisional parent failure to disclose the "best mode contemplated" as of the parent priority application.

Prior to the *Leahy Smith America Invents Act* of 2011 it was clear that priority standards were substantive identical no matter the type of priority application. In each case, priority required that the parent application disclosed the same invention in the manner of what is today 35 USC § 112(a), which includes a disclosure of the best mode contemplated at the time of the parent application. Thus, there was an identical substantive standard used to judge whether priority should be granted based upon any form of parent application, whether the parent is a regular (non-provisional) application; a Paris Convention priority application; or a provisional application. See *In re Gosteli*, 872 F.2d 1008 (Fed. Cir. 1989)(Paris Convention priority); *In re Ziegler*, 992 F.2d 1197 (Fed. Cir. 1993)(*id.*); *Kawai v. Metlesics*, 480 F.2d 880, 885-89 (CCPA 1973)(*id.*); *Anderson v. Natta*, 480 F.2d 1392, 1399 (CCPA 1973)(*id.*); *New Railhead Mfg., L.L.C. v. Vermeer Mfg. Co.*, 298 F.3d 1290 (Fed. Cir. 2002)(Michel, J.)(priority based on provisional application).

A statutory loophole in the *Leahy Smith America Invents Act* of 2011 now calls into question whether the "best mode" requirement must *still under the current law* be met for priority based upon a Paris Convention priority parent, while it is now clear under the new law that such disclosure is not required for a parent which is a provisional or "regular" parent (e.g., continuation).

It is thus left for a case of first impression at the Federal Circuit to determine whether Paris Convention priority should be awarded to a United States application where the "home country" priority application fully discloses how to make and use the invention *but fails to disclose the best mode contemplated* as of the priority date.

The uncertainty is created by specific changes in the law to *exclude* the best mode requirement as to a regular continuing application or to an application claiming priority from a provisional, while there is no parallel change to the statutory wording for priority under the Paris Convention:

Prior to the *Leahy Smith America Invents Act* it was clear that for a United States patent to be entitled to priority to an earlier filed application, the earlier filed application was required to meet the disclosure requirements of what is today 35 USC § 112(a). This was true whether the earlier priority application was a regular parent application for a continuation, continuation-in-part or divisional application or a provisional application, *Trading Techs. Int'l, Inc. v. eSpeed, Inc.*, 595 F.3d

1340 (Fed. Cir. 2010)(Rader, J.)(quoting *New Railhead Mfg. v. Vermeer Mfg.*, 298 F.3d 1290, 1294 (Fed. Cir. 2002)(Michel, J.)), or a Paris Convention foreign priority application, *In re Gosteli*, 872 F.2d 1008 (Fed. Cir. 1989)(Paris Convention priority); *In re Ziegler*, 992 F.2d 1197 (Fed. Cir. 1993)(*id.*); *Kawai v. Metlesics*, 480 F.2d 880, 885-89 (CCPA 1973)(*id.*); *Anderson v. Natta*, 480 F.2d 1392, 1399 (CCPA 1973)(*id.*).

What puts the issue of priority based upon a Paris Convention priority document is the fact that there is now a *statutory right* to priority based upon either a regular parent (e.g., the continuation scenario) or a provisional application, *but not* for a Paris Convention priority application:

**Paris Convention Priority (AIA)(§ 119(a))(first sentence)**: “An application for patent for an invention filed in this country by any person who has \*\*\* previously regularly filed an application for a patent for the same invention in a foreign country \*\*\* shall have the same effect as the same application would have if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country \*\*\*.”

**Provisional Application Priority (AIA)(§ 119(e)(1))(first sentence)**: “An application for patent \*\*\* for an invention disclosed in the manner provided by section 112(a) (*other than the requirement to disclose the best mode*) in a provisional application filed under section 111(b) \*\*\* shall have the same effect, as to such invention, as though filed on the date of the provisional application filed under section 111(b) \*\*\*.”

**Domestic Application Priority (e.g., continuation) (AIA)(§ 120, first sentence)**: “An application for patent for an invention disclosed in the manner provided by section 112(a) (*other than the requirement to disclose the best mode*) 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 \*\*\*.”

The way to attack a patent where the parent foreign priority document fails to meet the “best mode contemplated” requirement as of the foreign priority date is to find prior art which has an effective date between the priority date and the U.S. filing date, and to use the violation of the best mode requirement as basis to deny priority.

(To be sure, *all* patents are immune under the *Leahy Smith America Invents Act* of 2011 from a direct attack on validity based upon a violation of the “best mode” requirement. Thus, it is expressly stated in 35 U.S.C.A. § 282(b)(3)(A) that “[t]he following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded: ... Invalidity of the patent or any claim in suit for failure to comply with – any requirement of section 112 , except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid *or otherwise unenforceable*....”35 U.S.C.A. § 282(b)(3)(A)(emphasis added).)

The question remains, despite the clear statutory wording of the law, that there are many who had thought that the best mode requirement was eliminated from the patent law. Professors Petherbridge and Rantanen explain their understanding of the purpose of the revision of the “best mode” requirement:

“When the foreign inventor seeks to secure a patent for her invention in the United States, she may need to rely on the filing date of the application she filed in her home country to avoid prior art that would bar her entitlement to a U.S. patent. Relying on a foreign filing date was possible under U.S. law, but only if the application the inventor filed in her home country included the best mode. Thus, if a foreign inventor did not include a best mode in a foreign-filed application she could not perfect her priority claim and might be barred from obtaining a patent in the United States. Moreover, if she nonetheless obtained a patent, because, for example, the patent office was unaware of the defect, its claims could be invalidated if challenged in litigation. Commentators long imagined that this chain of events affected a substantial margin of foreign inventors.

“The America Invents Act reflects Congress's desire to protect foreign inventors from this eventuality. It both strips courts of the power to declare patents either invalid or unenforceable for failure to disclose a best mode and gives foreign inventors a right of priority in their foreign-filed applications that is exempt from a requirement to disclose the best mode. The Act practically eliminated best mode from patent law because the failure to disclose it no longer holds any substantive legal consequences.” Lee Petherbridge & Jason Rantanen, *The Pseudo-Elimination of Best Mode: Worst Possible Choice?*, 59 UCLA L. Rev. Discourse 170, 171-72 (2012)(footnotes omitted).

The coauthors explain that “[t]o help foreign applicants that are supposedly disadvantaged by the substantive effects of best mode, Congress developed a right

of priority in foreign- filed applications exempt from the [best mode] requirement.” Petherbridge & Rantanen, 59 UCLA L. Rev. Discourse at 173.

### III. WHAT REALLY HAPPENED? FAUX LEGISLATIVE HISTORY

The question may then be asked, was the failure to include a specific reference to the best mode requirement in terms of foreign priority an accidental or was the failure deliberate? There is a paucity of prospective legislative history to explain precisely why Congress failed to treat the requirement for priority based upon a foreign application differently than in the case of domestic priority.

To be sure there is “subsequent legislative history” but this is given little if any weight in the interpretation of a statute.<sup>3</sup>

A primary example of subsequent legislative history is provided by Robert A. Armitage, a principal author of much of the *Leahy Smith America Invents Act of 2011* states that the omission was *deliberate*:

“While it was not within the realm of the politically possible for Congress to simply repeal the ‘best mode’ requirement, any reading of the AIA confirms that Congress was fully aware of the absurdity of retaining any vestige of this requirement in the new law. It reached this conclusion for good reasons.

“The National Research Council of the National Academies of Science had urged abolition of the “best mode” requirement. Every major IP bar and trade organization supported outright repeal of the requirement. Patent reform bills dating back to the 109th Congress contained provisions to abolish the requirement. Nonetheless, for reasons that may not be subject to rational explanation, Congress elected to keep the requirement, at least nominally, but then render the requirement

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<sup>3</sup> *Solid Waste Agency Of Northern Cook County v. United States Army Corps Of Engineers*, 531 U.S. 159, 169 n.5 (2001)(quoting *Consumer Product Safety Commission v. GTE Sylvania, Inc.*, 447 U.S. 102, 118 n.13 (1980) (“[E]ven when it would otherwise be useful, subsequent legislative history will rarely override a reasonable interpretation of a statute that can be gleaned from its language and legislative history prior to its enactment.”); *Consumer Product Safety Comm'n v. GTE Sylvania, Inc.*, 447 U.S. 102, 118, n. 13 (1980) (“[E]ven when it would otherwise be useful, subsequent legislative history will rarely override a reasonable interpretation of a statute that can be gleaned from its language and legislative history prior to its enactment”).

meaningless in any proceeding in which the issue of compliance with the “best mode” requirement might arise.

“Thus, while the ‘best mode’ requirement must be observed – for both compliance reasons and practical reasons – the AIA renders it otherwise a dead letter. Congressional savaging of the ‘best mode’ requirement took the following forms.

“First, the express portions of the patent statute that once required a “best mode” disclosure in order to secure priority or benefit from an earlier patent filing have been repealed. In § 119(e)(1) and § 120 of the patent statute, the respective provisions relating to priority from an earlier U.S. provisional patent filing and benefit from an earlier-filed U.S. nonprovisional patent filing have both been amended. Before the amendment, questions of priority-benefit of the earlier filing date of a provisional or nonprovisional patent filing required full compliance with the ‘written description,’ ‘enablement,’ and ‘best mode’ requirements now found in § 112(a). Congress acted in the AIA by striking this reference to ‘the first paragraph of section 112 of this title’ and inserting in its place ‘section 112(a) (other than the requirement to disclose the best mode).’ Thus, priority or benefit from an earlier U.S. patent filing will no longer require that the earlier filing contain a ‘best mode’ disclosure.

“Second, this change will similarly impact the right to obtain priority from earlier foreign patent filings, for which the issue of priority arises under § 119(a). *Congress was aware that § 119(a) has never contained an explicit requirement for a § 112-type disclosure in order for an inventor to be entitled to priority, thus Congress had nothing to repeal or revise in order to ensure that no ‘best mode’ requirement would continue.*

“While Congress did not impose a ‘best mode’ condition for priority in § 119(a), the courts have done so – but on the sole ground that the reading-in of such a requirement was for ‘symmetry’ – to ensure that all §119 and §120 priority/benefit issues would be determined on a level playing field.<sup>348</sup> Thus, by changing the rules for entitlement to benefit of an earlier patent filing in the United States (i.e., the § 119(f) and § 120 amendments), *Congress has sub silentio accomplished the same result for § 119(a) priority issues.*”

Robert A. Armitage, *Understanding the America Invents Act and its Implications for Patenting*, 40 AIPLA Q.J. 1, 88-89 (2012)(emphasis added; footnotes deleted).



The most involved Congressional staff member working on the patent reform legislation at the time, Joe Matal, provides a further example of subsequent legislative history complementary to what Armitage has stated. Matal agrees that the failure to amend the best mode requirement out of the statutory wording relating to foreign priority was deliberate. See Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II Of II*, 21 Fed. Circuit B.J. 539, 584 (201)(footnotes omitted). Matal says that:

“AIA [ ] does not repeal the best-mode requirement from § 119(a). This is because there is no best-mode language in § 119(a) to repeal. The courts have sought ‘to preserve symmetry of treatment between sections 120 and 119,’ and since pre-AIA § 120 expressly required best-mode disclosure in a domestic parent application, § 119(a) was read to also require such disclosure in a foreign application. Now that the best-mode requirement has been repealed from § 120, however, the same ‘symmetry’ rationale requires that best mode be read out of § 119(a) as well.”

#### IV. A LEGISLATIVE FIX TO CORRECT A LEGISLATIVE OVERSIGHT

A simple legislative fix should be made to retroactively implement the “subsequent legislative history” of Matal and Armitage. This would be a fair solution to would provide parity for all priority applications. All that is needed is a simple amendment to 35 USC § 119(a): After “the same invention” in Section 119(a), add the following: “disclosed in the manner provided by section 112(a) (other than the requirement to disclose the best mode)”.<sup>4</sup>

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<sup>4</sup> 35 USC § 112(a) would then read, with emphasis added for the new wording:

“An application for patent for an invention filed in this country by any person who has, or whose legal representatives or assigns have, previously regularly filed an application for a patent for the same invention **disclosed in the manner provided by section 112(a) (other than the requirement to disclose the best mode)** in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States, or in a WTO member country, shall have the same effect as the same application would have if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country, if the application in this country is filed within 12 months from the earliest date on which such foreign application was filed. \* \* \*”

## V. CONCLUSION

Given the clear statutory wording of the *Leahy Smith America Invents Act* of 2011, coupled with the absence of *prospective* legislative history to the contrary, it is difficult to express optimism as to how a test case would – or will – end up to determine whether or not priority determinations are made under a common standard. Given the simplicity of a legislative fix, it would be useful for Congress to remove the ambiguity and adopt the legislative discussion of Matal and Armitage.