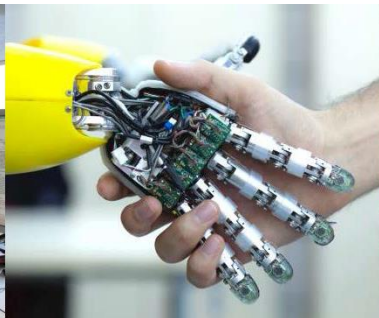


6b. Substantive Patent Law Harmonisation: Grace Period

US Bar-EPO Liaison Council

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Europe – “ Non-prejudicial disclosures”

- **State of the law in Europe:** Art. 55 EPC - Limited
 - Evident abuse in relation to applicant
 - Officially recognized international exhibitions
 - All other pre-filing disclosures lead to loss of patentability
 - **Practice:** cases under Art. 55 EPC practically non-existent
 - **Consequences:**
 - Easy to determine whether an item constitutes prior art, can usually be made on face of document, provided it is dated
 - Systemic impact: legal certainty, clarity, efficiency
- BUT**
- Voluntary disclosures cannot be envisaged (academic publications, trade shows)
 - No protection in case of accidental disclosure

USA – Grace period under the AIA

- 12 months
 - From the priority or filing date
 - No declaration or statement required
 - Disclosure of the same subject-matter, independently made by a third party, after the first disclosure of the inventor's invention is **graced**
 - No prior user rights may arise during the grace period
 - No prior user rights if knowledge of the invention derived from applicant, even in good faith
- Emphasis on **full protection for the applicant**

Systemic issues

- AIPPI Resolution Q 233 (2013):

“Harmonization of the laws on grace period is considered to be more important in and of itself than any of the particular details of scope and term of the grace period.”

- Posited:

A “filing first” paradigm is essential to the stability of the patent system: use of GP should remain an exception to preserve legal certainty

Systemic issues (continued)

- Interesting: (with some exceptions) **pressure to adopt a GP is mainly from outside Europe**, particularly Trilateral partners: JP and US. Why ?
- EPC and CN do not have a full-fledged GP: **global players tend not to use the GP in their own countries**, as it would preclude patentability in those jurisdictions

Effect

- EPC and CN create a **disincentive to pre-filing disclosures** (“PFD”)
- Strategy of all global players is to **file first and disclose later**: Paradigm
- GP used by most applicants when something goes wrong or when compelling reasons exist to disclose prior to filing
- Result: **no one knows what the systemic impact of national GP provisions really are in all other countries...**

The dynamic of change

- **Empirical observation:** In 2011, **JP** broadened the scope of its GP
 - **Consequence:** use of GP in JP reported to have increased by circa **80%** since then, although trend is less pronounced for first applications which are followed by filing of a PCT application
- **KR** broadened its GP incrementally (increased scope in 2001, general GP in 2006, extension from 6-12 months in 2012)
 - **Consequence:** increase from 555 GP cases in 1999 to 6148 in 2014
- **Argument:** in past surveys, many users from the US and JP complained that they could not use the GP because Europe and CN did not have one; similar arguments made by AU and CA users in periodical articles, etc.
- **Conclusion:** if Europe and CN were to adopt a GP, **PFDs would presumably increase**

What's the problem?

- Pre-AIA, all disclosures within the grace period under § 102(b) were graced, **regardless of their origin** – simple to apply
- Now:
 - § 102(b)(1)(A): **is the disclosure that of the invention of the applicant?**
 - § 102(b)(1)(B): **was the applicant the first to disclose?**
- AU, CA, JP, KR: only the applicant's disclosures of his own invention are graced (as well as re-disclosures of his invention by third parties)
- Conclusion: under current systems: PFDs make **novelty assessments complex**, with a corresponding **reduction in legal certainty**
- **Argued:** in this light, **PFDs have a destabilising effect** on the patent system

Argument for a “safety-net” approach

- If an **internationally harmonised GP** is to be used as a **safety-net* only**, **mechanisms deterring PFDs** must be **integrated into definition of GP** to replace the current disincentive function performed by EPC and CN, to preserve the “**file first, disclose later**” paradigm
 - If applicant has a choice, will not disclose unless compelling reason
 - Enhances **legal certainty** for all stakeholders
 - **But** if accidental disclosure, breach of confidence, or compelling reasons exist (academic publication, trade show, joint venture): **patent protection possible**

*A grace period limited to what is strictly necessary to allow patentability, ie removal of the graced item from the prior art only, without bestowing further benefits on the applicant.

A balanced grace period

- “Safety-net only” approach:
 - Risks associated with a PFD put on the applicant
 - Balances **advantages** of GP for applicant with **protection** for third parties
- Possible elements:
 - Disclosure by third parties of **independent inventions** form **prior art**
 - **Burden of proof** on applicant to show PFD is graced, including for re-disclosures by third parties
 - **Prior user rights** may accrue throughout GP, including when knowledge of invention derived from a PFD emanating from the applicant (provided in good faith)
 - [Not **risk** but **burden on applicant**: Mandatory declaration requirement]

Tegernsee User Consultation: Grace period

- **In favour of grace period:** JP: 74.8% / U.S. 78.6% / **Europe: 53.8%**, but **61.5%** of respondents to DE survey opposed GP
 - **Caveat:** not a “blank check” for any type of GP – many respondents in Europe stated that they were in favour only if it was a **limited, safety-net GP**
- EPO Hearing, Feb. 2013: Majority of European users could envisage a **safety-net GP** as a **compromise**, defined by *epi* as:
 - 6-month duration
 - Computed from priority/filing date
 - Mandatory declaration
 - Mandatory prior user rights available until the priority/filing date
- **Provided** such a GP were:
 - Itself **internationally, multilaterally harmonized**
 - Part of SPLH package including both “**classical first-to-file**” and **Mandatory 18-month publication**

Comparative table of grace periods (B+ Sub-Group)

	AU	CA	JP	KR	US	DE (pre-EPC)
Types of graced disclosures						
- All disclosures by inventor/applicant/ predecessor	Yes	Yes	Yes	Yes	Yes	Yes
- re-disclosures of applicants' invention by third parties	Yes	Yes ¹	Yes	Yes	Yes	?
- disclosures made in evident abuse of the applicant	Yes	Yes	Yes	Yes	Yes	Yes
- disclosures made without the applicant's consent	Yes	Yes	Yes	Yes	Yes	Yes
- disclosures of the same subject-matter independently made by third parties after the first disclosure of the inventor's invention	No	No	No	No	Yes ²	No
Duration	12 months/ 6 months ³	12 months ⁴	12 months	12 months	12 months	6 months
Calculated from	Filing date	Filing date	Filing date	Filing date	Filing or priority date	Filing date

Comparative table of grace periods (B+ Sub-Group)

	AU	CA	JP	KR	US	DE (pre-EPC)
Declaration/ submission requirement	Not required	Not required	Mandatory unless PFD in abuse of person entitled to patent	Mandatory unless PFD in abuse of person entitled to patent	Not required	Not required
Scope of obligation	N/A	N/A			N/A	N/A
Declaration of intent to benefit from GP			X	X		
Document for the GP application certificate			X	X		
Proving document/ supporting statement			X	X		
When can the GP be invoked?	At any time	At any time	Upon filing, At any time if disclosure in abuse of person entitled to patent	Before grant ⁵ At any time if disclosure in abuse of person entitled to patent	Arises by operation of the law – at any time	At any time
Burden of proof	Applicant	Unclear, probably on applicant	Applicant	Applicant	Depends on when the issue arises	Applicant
Protection of third parties						
Prior user rights available for third parties during GP	Yes	Yes	Yes	Yes	No	Yes
May arise where knowledge of invention derived from applicant's graced disclosure	Yes	No	No	No	No	Yes (provided in good faith)

Observations

Not all grace periods are created equal!

- Grace periods, the **only effect** of which is to remove disclosures from the applicant from the prior art, **without** conferring any **additional benefits** on the applicant (“safety-net” approach) (AU, DE pre-EPC)
- Grace periods which balance **burdens** (declaration) on the applicant in the interest of legal certainty, with **protection** from the consequences of the PFD (no PURs) at the expense of third parties (JP, KR)
- Grace periods which privilege the first to publish, and put the entire risk/burden of GP on **third parties** (CA)
- A “first-to-publish” grace period which provides a **“priority right”** of sorts (US) – quasi-incentive to disclose ?

Conclusions for harmonisation

- The Industry Trilateral are trying to find a **compromise** amongst these various elements and approaches
- Need to factor in how **applicant behaviour** would respond to **changed circumstances**
- ...and how this would influence the **operation of the patent system** in the future



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Thank you for your attention!

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