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Date

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PRIOR USER RIGHTS

Dear Sirs:

I am a patent attorney in Germany and a member of the Bureau of AIPPI, the International Association for the protection of Intellectual Property.

I would like to share with you my personal professional experience on the issue of prior user rights in a traditional first-to-file jurisdiction. Please find below my responses to the questions in your questionnaire:

Written Comments: Written comments should be sent by e-mail to IP.Policy@uspto.gov. Comments may also be submitted by postal mail addressed to: Mail Stop OPEA, P.O. Box 1450, Alexandria, VA 22313-1450, ATTN: Elizabeth Shaw. Although comments may be submitted by postal mail, the USPTO prefers to receive comments via e-mail. The deadline for receipt of written comments for consideration by the USPTO is November 8, 2011. Written comments should be identified in the subject line of the e-mail or postal mailing as "Prior User Rights." Because comments will be made available for public inspection, information that is not desired to be made public, such as an address or phone number, should not be included in the comments.

1a. Please share your experiences relating to the use of prior user rights in foreign jurisdictions including, but not limited to, members of the European Union and Japan, Canada, and Australia.

In doing so, please include the following:

(a) An identification of the foreign jurisdiction(s);

Germany

(b) The frequency or regularity with which prior user rights were utilized or asserted in the particular jurisdiction(s);

Regularly, they are a common defense in patent infringement disputes in court but more often before entering into court. If a defendant claims prior user rights and provides sufficient proofs, the patentee generally grants a royalty free license.

(c) Whether prior user rights were asserted as a defense by you or your organization;

Yes we have regularly used prior user rights to avoid litigation for our clients.

(d) Whether another entity alleged prior user rights as a defense to a patent infringement claim asserted by you or your organization;

We also had to advise our clients to grant a royalty free license in cases where an infringer of their patents claimed prior user rights.

(e) The technology or industry involved;

Mainly mechanical and engineering and electronics.

(f) The operation of the prior user rights regime in the particular jurisdiction(s);

Prior user rights are a generally accepted concept. The patent shall not be effective against those who at the time of filing (in case of a claimed priority at the priority date) have started use of the invention or made the respective preparations.

(Section 12 of the German patents act:

Die Wirkung des Patents tritt gegen den nicht ein, der zur Zeit der Anmeldung bereits im Inland die Erfindung in Benutzung genommen oder die dazu erforderlichen Veranstaltungen getroffen hatte.)

If a person was in legitimate possession of the invention and has used it or taken the necessary steps to start use, the patent cannot be enforced against that person. This principle has been applied to the German patent law for decades and never been questioned. It is regularly used in pre-trial settlements and in court as a defense by the defendant.

(g) The advantages/disadvantages of the prior user rights regime in the particular jurisdiction(s).

I cannot see any disadvantage. The exclusion of patent protection against those who were in possession of the invention at the filing/priority date is a generally accepted concept. There may be a risk of faking evidence for a prior use but I am not aware of an economically relevant misuse of prior user rights.

1b. If you do not have any experiences relating to the use of prior user rights in foreign jurisdictions, please identify the following:

Does not apply.

(a) The frequency or regularity with which you engage in business abroad including, but limited to, the following foreign economies: members of the European Union and Japan, Canada, and Australia;

(b) Your opinion as to why you believe prior user rights are or are not needed in the particular jurisdiction(s).

2. Please share your experiences in analyzing the effect, if any, of prior user rights on innovation rates in selected countries including, but not limited to, members of the European Union and Japan, Canada, and Australia. Please include empirical and anecdotal data, as well as opinions as to how this analysis may be conducted.

I do not see any significant effect of prior user rights on innovation rates. Claiming prior user rights is a legitimate defense and generally accepted but not used very often. The concept of excluding those in possession of and using the invention from protection is generally accepted in Germany and protects in particular small and medium enterprises that may find an advantageous technology and put it to use without having the resources of obtaining patent protections from claims of larger entities who use the patent system.

3. Please share your experiences in analyzing the correlation, if any, between prior user rights and start-up enterprises and the ability to attract venture capital to start new companies. Please include empirical and anecdotal data, as well as opinions as to how this analysis may be conducted.

This question addresses two issues.

3.1 Correlation between prior user rights and start-up enterprises:

As stated under item 2, the concept of excluding those in possession of and using the invention from patent protection protects in particular small and medium enterprises (start-ups) in possession of the inventions from claims of larger entities who file first.

3.2 Correlation between prior user rights the ability to attract venture capital to start new companies:

To my experience, prior user rights are claimed in less than 3% of cases of alleged infringement. The defendant needs to have strong evidence to support prior user rights. The risk of undiscovered prior user rights is generally lower than the risk of undiscovered prior art that renders a patent invalid. To my experience, the risk that prior user rights exist is simply accepted by venture capital entities as a general business risk and does not prevent venture capital funding.

4. Please share your experiences in analyzing the effect, if any, of prior user rights on small businesses, universities, and individual inventors. Please include empirical and anecdotal data, as well as opinions as to how this analysis may be conducted.

Small businesses, universities, and individual inventors in Germany are frequently SMEs remote from the patent system. Their legitimate know-how is protected as it cannot be taken away from them by means of a patent.

5. Please share your views, along with any corresponding analysis, as to whether there are any legal or constitutional issues with placing trade secret law in United States patent law.

My knowledge of the US constitution and legal environment is not sufficient for responding to this question. In my view, taking a certain technology out of the know-how of any entity by filing a patent after that entity has used or prepared the use of this know-how is an unjustified act of expropriation.

6. Please share your views, along with any corresponding analysis, as to whether the change to a first-to-file patent system creates any particular need for prior user rights in the United States.

I see the first-to-file patent system as the source of need for prior user rights. Under a first-to-invent patent system the prior user is very often a prior inventor and can start interference proceedings. He does not need any particular protection. This is not the case in a first-to-file system. Prior user rights are an essential part of a first-to-file system and create a balanced environment of protection for those who file first excluding those who were already in possession and using an invention on the filing/priority date.

If you should require any additional information, please do not hesitate to contact me.

Best regards,



Stephan Freischem