

STUDY MANDATED BY THE TEGERNSEE HEADS

GRACE PERIOD

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Introduction

A grace period is a period of time before the date of filing a patent application for an invention during which certain kinds of disclosure of the invention would be deemed as not destroying the novelty of the invention. Disclosures of this nature are usually referred to as “non-prejudicial disclosures”.

Most of the countries/regions have introduced a grace period in their patent systems, but its implementation varies in each of them. From the viewpoint of applicants, the differences in the implementation of a grace period cause a problem that a grace period can be applied to obtain a patent in some countries/regions, but not in other countries/regions when filing applications and seeking for patents on the same inventions in multiple countries/regions. Furthermore, this situation causes the problem that the disclosed inventions may be utilized by the third party without any limitations in such other countries/regions having no grace period.

In addition, from the viewpoint of patent offices, since such differences can lead to different outcomes regarding the patentability of inventions in different offices, it may become an obstacle to promoting worksharing among the offices.

The various elements of patent harmonization have been repeatedly discussed, but harmonization of the issue of the grace period still remains one of the most important and difficult issues.

This report will compare the systems of Europe, Japan and the U.S. and sort out common grounds and discussion points in “Part I: Common Ground and Points to be discussed,” and then consolidate other useful information in “Part II: Consideration of Best Practice,” discussing best practices with an eye on further discussion toward harmonization of grace period.

Part I : Common Ground and Points to be discussed

1. Grace Period in Tegernsee member country/region¹

A. EP

(1) EPC

i. Legal framework

1) "Non-Prejudicial" disclosures

¹ With Grace Period in other countries than Tegernsee members, please refer to *Appendix A*.

The EPC provides a grace period of 6 months, albeit a very restricted one, which does not apply to willful disclosure by the inventor/applicant or his successor in title, other than in the narrow setting of a recognized international exhibition.

Article 55(1) EPC graces two types of "non-prejudicial disclosures", whereby the invention may have been made available to the public in an enabling manner by a third party and thus, would fall within the purview of Art. 54 EPC, but are nevertheless removed from the ambit of that provision where the disclosure was due to or a consequence of (1) an evident abuse in relation to the applicant or his legal predecessor (Art. 55(1)(a) EPC), or (2) a displaying of the invention "at an official, or officially recognized international exhibition" falling within the terms of the Paris Convention on international exhibitions (Art. 55(1)(b) EPC).

(i) Disclosures resulting from an evident abuse of the applicant

To fall within the purview of Art. 55(1)(a) EPC, the third party having published the invention must have derived the knowledge of the invention directly from the subsequent applicant or his predecessor in title.

In the case where a pre-filing disclosure of the invention is effected by a third party as a result of an evident abuse in relation to the applicant, the applicant has the burden to show on a balance of probability that such abuse has occurred (See EPO Board of Appeal decision T436/92). According to decision T 291/97, a finding of an evident abuse under Article 55(1)(a) EPC is a serious matter, with abuse not to be presumed. The Board held that the standard of proof indicated by the words "evident abuse" was high: "the case must be clear cut and a doubtful case will not be resolved in favour of the applicant".

According to decision T 173/83, there would be evident abuse within the meaning of Art. 55(1)(a) EPC, if it emerged clearly and unquestionably that a third party had not been authorized to communicate to other persons the information received. In the Board's opinion, there would be abuse not only when there is the intention to harm, but also when a third party, knowing full well that it is not permitted to do so, acts in such a way as to risk causing harm to the inventor, or when this third party fails to honor a declaration of mutual trust linking him to the inventor.

In decision T436/92, the Board held that the term "evident abuse" in Art. 55(1)(a) EPC showed that "mere negligence or breach of confidentiality" would not suffice to meet the requirements of the provision. Deliberate intention to harm the other party would constitute evident abuse, as would probably also knowledge of the possibility of harm resulting from a planned breach of this confidentiality. The state of mind of the "abuser" was held to be of central importance to the determination of "evident abuse" under Art. 55(1)(a) EPC. This echoes the position in decision T585/92, in which a patent application was filed in Brazil, claiming priorities which were then withdrawn, which should have resulted in a later publication date. The patent application was then erroneously published early by the NPO. The Board held that the publication of the

invention by a government agency as a result of an error was not of necessity an abuse in relation to the applicant within the meaning of Art. 55(1)(a) EPC, "however unfortunate and detrimental its consequences may turn out to be".

On the other hand, it may be gleaned from obiters in decision T436/92 that the Boards would be prepared to find evident abuse in relation to the applicant even where the confidentiality agreement in question was not actually signed, but only tacitly agreed to.

In principle, there is no restriction as to the type of disclosure which has occurred. It may be an oral presentation, a document, a prior public use etc.

Finally, it may be noted that if the unauthorized disclosure occurs as the result of the publication of a European patent application which has been filed by a third party having unlawfully appropriated the invention, Art. 61 EPC will apply, allowing the inventor to assert his rights based on the application.

(ii) Official or officially recognized International Exhibitions

The scope of Art. 55(1)(b) EPC is extremely narrow. The provision does not enable the Office to "officially recognize" a Conference for the purposes of Art. 55 (1) EPC of its own volition. The purview is confined to those rare exhibitions taking place under the auspices of, or recognized by, the "Bureau International des Expositions". The EPO lists the international exhibitions relevant for the application of Art. 55(1)(b) EPC in its Official Journal. Currently, three expositions qualify: one taking place in Venlo(NL), one in Yeosu (KR) and a third which will take place in Milan (IT) in 2015. (See OJ EPO 2012, 342).

The paragraph was originally included in the EPC to be in line with existing international obligations under the Paris Convention on International Exhibitions and analogous provisions contained in the Strasbourg Patent Convention of 1963, but appears today to be largely *lettre morte*.

2) Duration

Such non-prejudicial disclosures must have occurred no earlier than 6 months preceding the filing of the European application. It should be emphasised that, according to decisions G3/98, (OJ EPO 2001, 62) and G2/99, (OJ EPO 2001, 83) of the EPO's Enlarged Board of Appeal, the relevant date is the actual filing date of the European patent application. Thus, even where priority of an earlier application is claimed, the European application must still have been filed within 6 months of the non-prejudicial disclosure for Art. 55(1) EPC to apply.

3) Formalities

Where the invention has been displayed in an international exhibition falling within the narrow purview of Art. 55(1)(b) EPC, Art. 55(2) EPC requires that the applicant make a declaration to that effect upon filing. Pursuant to Rule 25 EPC, the applicant must then

file within 4 months of the filing of the European application, a certificate of exhibition in support of his statement, issued by the authority responsible for IP at that exhibition, which must identify the invention, state that the invention was in fact displayed at the exhibition and indicate the date on which the invention was first disclosed. The Examining Division will assess the matter of the identity between the invention displayed and the application under examination (*Guidelines for Examination in the EPO*, B VI-3, 5.5).

There are no declaration formalities associated with the application of Art. 55(1)(a) EPC. Where an examiner finds a reference which might fall within the purview of Art. 55 EPC, this reference must be cited in the search report. The matter of evident abuse in relation to the applicant pursuant to Art. 55(1)(a) EPC will generally only be raised after the search report and written opinion have been transmitted to the applicant, and the Examining Division will then investigate the matter ((*Guidelines for Examination in the EPO*, B VI-3, 5.5).

4) Effect

The effect of Art. 55 EPC is that the non-prejudicial disclosure is not included in the state of the art as provided by Art. 54 EPC, and thus will not destroy novelty of the invention contained in the application subsequently filed. Although there is no decision to this effect, it appears coherent that the protection afforded will remove the disclosure from the state of the art for the evaluation of inventive step as well.

However, since the wording of the provision states that the disclosure in question should have occurred "no earlier than" 6 months preceding the filing of the application (rather than "within" 6 months preceding), an application for the invention which has been unlawfully filed prior to, but published on or after the date of filing by the rightful applicant, will not constitute a prior right under Art. 54(3) EPC.

Finally, this protective effect extends to any subsequent publication or use of the invention by third parties, which has been derived from the original non-prejudicial disclosure falling within the purview of Art. 55 EPC.

ii Origin of the provision and Policy Background

The "*travaux préparatoires*" pertaining to the adoption of Art. 55 EPC are eloquent in terms of the policy considerations and the objectives pursued in framing the provision.

When the "Patents Working Party" took up the issue of pre-filing disclosures in 1961 with regard to the draft EPC, the Committee of Experts of the Council of Europe was already discussing the issue in regard to the draft Strasbourg Patent Convention, which was concluded in 1963. The draft provision for the EPC initially considered was in line with the "Strasbourg" draft of Art. 4(4). Thus, the basic concept considered from the outset was that of non-prejudicial disclosures, rather than a grace period per se, despite the fact that the draft was being discussed in a mixed landscape in Europe. At that time, Austria, Germany, Italy, Switzerland, and the UK all had grace periods, but other

European countries did not.

Pursuant to Art. 11 of the Paris Convention, countries were under the international obligation to provide a "temporary protection" to inventions which were exhibited at "official or officially recognized international exhibitions". Both Art. 11 of the Paris Convention and draft Art. 4(4) of the Strasbourg Convention would have allowed a more generous definition of non-prejudicial disclosures. The issue of providing a broader scope was briefly considered (See *inter alia* proposal by FI, M/12, 4 April 1973) but then rejected on the grounds that, where such protection existed in Europe which did not exist in non-contracting states, this would give inventors a false sense of security leading them to lose their rights if they filed in those countries. It appears to have been mainly for this reason that only a very limited protection was adopted in terms of pre-filing disclosures.

At the Diplomatic Conference in Munich in 1973, the FI and NO delegations observed that the application of the provision would be so rare that it might be appropriate to cover a wider range of exhibitions, and allow governments to designate exhibitions as falling within the purview of the exception. The proposal was roundly rejected. The FR delegation stated unequivocally that inventors should be advised to patent their inventions before disclosing them in any way. The UK refused to consider a departure from the definition of novelty contained in the Strasbourg Convention, and expressed doubt as to whether even this narrow exception "was still appropriate in modern times". DE, NL and BE also opposed the proposal, which was then withdrawn (See M/PR/I, p.30, Nos. 70-76).

The main objection to a broader concept was that delegations favoured legal certainty, but from the point of view of the interests of the inventor/applicant (See also (See M/PR/G, p.184).

This is interesting, since today, the main policy objection invoked in Europe against the adoption of a grace period is that it creates legal uncertainty for third parties, which may find it difficult to ascertain the state of the art in regard to the application or patent of a competitor, if pre-filing publications which would be novelty-destroying are later found to be graced. The simplicity and legal certainty offered by the EPC in terms of the definition of prior art is considered by European users to be one of the most attractive aspects of the European patent system.

A grace period also makes the work of patent offices more complicated, which, in times of backlogs and work-sharing, implies policy issues of systemic relevance. At the EPO, given the extremely narrow range of declarations filed in relation to Art. 55 EPC, the application of the novelty requirement for searchable prior art is simple: where the date of publication of a document is prior to the filing or priority date of the application, inclusion into the state of the art may be ascertained from the face of the document. Where a grace period exists, other issues may become pertinent, such as the origin of the disclosure, or whether the invention thus disclosed is that of the subsequent applicant's. These may require additional office actions, which impact on the duration and efficiency of the procedure.

Another argument which has been advanced recently is that, for inventors who are uneducated in regard to the patent system, the message "do not publish prior to filing", is simpler to impart than that of the functioning of the grace period, including the time limits involved in later filing and the complications which may arise from pre-filing publication, such as where third parties publish relevant prior art in the interval.

Still, it must be mentioned that some European users claim that the European Patent System does not dovetail with the realities of scientific research in an optimal manner, and it has been suggested recently that too little may be known about the needs of SMEs in Europe on this issue.

(2) Other EPC countries

a) DK

The Consolidate Patents Act does not provide for a grace period as such but contains provisions on non prejudicial disclosures in section 2(6). These provisions are drafted as an exemption to the novelty requirement and imply that disclosure of an invention 6 months prior to the filing date is not taken into account if the disclosure is the result of:

- (1) an evident abuse in relation to the applicant or his legal predecessor or
- (2) the fact that the applicant or his legal predecessor has displayed the invention at an official, or officially recognised , international exhibition falling within the terms of the Convention on International Exhibitions, signed at Paris on 22 November 1928

The first exemption was introduced as a new provision in the Danish Patents Act in 1967; the second was introduced on the basis of the Paris Convention of 1928.

b) DE

From the German point of view it is important to stress that the EPC does not provide for a Grace Period. Art. 55 EPC merely provides for two types of non-prejudicial disclosures. In contrary to a Grace Period, these provisions only aim (1) to protect the applicant from abuse by a third party and (2) to give the applicant the chance to display the invention at an official, or officially recognized, international exhibition falling within the terms of the Paris Convention on international exhibitions. The concept of exceptionally non-prejudicial disclosures does not generally grant grace to disclosures prior to the application.

c) FR

There are two cases where the disclosure of the invention before the date of filing of the application is not destructive of the novelty: the abuse committed by third parties and the display of the invention during an official or officially recognized exposition.

Article L611-13 For the application of Article L611-11, Intellectual property code (IPC) a disclosure of the invention shall not be taken into consideration in the following two cases:

- if it occurred within the six months preceding filing of the patent application;
- if the disclosure is the result of publication, after the date of that filing, of a prior patent application and if, in either case, it was due directly or indirectly to:
 - a) An evident abuse in relation to the applicant or his legal predecessor;
 - b) The fact that the applicant or his legal predecessor had displayed the invention at an official, or officially recognized, international exhibition falling within the terms of the revised Convention on International Exhibitions signed at Paris on November 22, 1928.

However, in the latter case, the displaying of the invention must have been declared at the time of filing and proof furnished within the time limits and under the conditions laid down by regulation.

d) UK

(Please refer to UK's section in "1. Changes in Grace Period systems in each country/region" of Part II.)

B. JP

i. Legal Requirements

1) Duration

6 months

The duration is calculated from the date of filing. Even for an application claiming a priority under the Paris Convention, the duration is calculated from the date of filing with the JPO.

2) Declaration (or Procedures)

Where the disclosure of invention falls under the case of "(a)" of the following section (3), an applicant seeking for a grace period should take the procedures of (A) and (B) below.

(A) An applicant needs to submit a document describing that he/she wants to receive the application of grace period, at the time of filing.

(B) An applicant needs to submit a proof document to show that the invention was made public by the act of the person having the right to obtain a patent, within 30 days from the date of filing.

In the document for (B), for example, in the case of disclosure through printed publications, the issuance date and title of the publications, the publisher, and the content disclosed in the printed publications should be described.

3) Type of disclosure covered by grace period

(a) Inventions that have become made public as a result of the act of the person having the right to obtain a patent (excluding what has become publicly known through the gazettes of invention, utility model, design and trademark)

* The types of disclosure of invention to be covered by the provision of grace period are not subject to any specific limitations

Examples:

Disclosure of the invention:

- through conducting tests
- in printed publications
- through electric telecommunication lines (in other words internet)
- through presentation at a meeting (academic conferences, seminars, etc.)
- by displaying at exhibitions
- through sales or distributions
- by announcing at press conferences, or by appearing on live TV or radio

(b) Inventions that have become made public against the will of the person having the right to obtain a patent

ii. Background of policy and legal system

Inventions that have been disclosed and thus have lost their novelty before filing, in principle, cannot be patented. However, if any inventions cannot be patented without exception after being made public by the inventors themselves, this would be too severe for them. What is more, applying this principle too strictly may be in turn be against the spirit of law to contribute to the development of the industry.

Therefore, the Japanese Patent Law defines the special relief measure for inventions which meet the prescribed requirements, in order to treat them exceptionally as not losing the novelty, even in cases where they have been disclosed (or made public) prior to filing (Japanese Patent Law, Article 30).

1) Duration

For researchers at universities and other public research institutes, there is an incentive to immediately make presentations of their findings through academic journals or at academic conferences to make research outcomes available as soon as possible for the sake of the public interest and for their career-building. After making the invention public, a researcher may file a patent application with further empirical results, and therefore, there is a need to ensure that the grace period is sufficiently long.

In the meantime, if the grace period is too long, there may be an increase in risks that further burdens would weigh on third parties in monitoring whether the disclosed invention can be used or not. At the same time, the third party may file a patent application or make a presentation independently during the periods from publication to filing an application, which may consequently make the applicant unable to obtain a patent.

Therefore, taking into account striking a good balance between applicants' (researchers') needs and the third party's monitoring burdens, or considering harmonization with the system in other countries, the grace period was set at 6 months in the Japanese Patent Law.

At the time of the revision of the Patent Law in 2011, discussions took place as to whether to maintain the grace period of 6 months or extend the period to 12 months. As a result, it was concluded that changes to the duration of grace period should be decided while considering the trend of international discussions and it was premature to change the existing grace period.

2) Declaration (Procedures)

Since the grace period system was originally designed as a special relief measure under the first-to-file system, it is necessary for those who want to receive such exceptional relief to submit a request in writing to invoke it, along with a proof document to demonstrate exactly which invention was disclosed before the filing.

If such declarations were not required, it could not be clearly determined whether or not the information that has been disclosed before the filing could have impact on patentability of the application, which would damage the predictability for third parties regarding whether or not the invention in the patent application could be patented.

Simultaneously, since it is reasonably assumed that applicants sufficiently acknowledge what was disclosed, it is hardly considered that the act of submitting documents creates an undue burden on applicants.

Of course applicants do not need to file the documents mentioned above in a case where the invention was made public against the will of the person having the right to obtain a patent, because it is reasonably assumed that the applicant may not be aware that the claimed invention has been the object of such unauthorized disclosure.

3) The Scope of Grace Period

The reason to apply the grace period to all the inventions that have been disclosed as a result of the act of the person having the right to obtain a patent is to exhaustively cover all the inventions which have lost novelty without missing any. Through this, for example, the inventions which have technically lost their novelty through a presentation to investors for research funding, or a presentation at the meetings of R&D consortia can enjoy a relief and be patented. The new grace period system under the Japanese patent law is in line with the advancement of open innovation which causes diversification of ways of R&D activities resulting in diversification of manners or occasions to disclose results of R&D activities. For details, please refer to the section for JP in “1. Changes in Grace Period system in each country/region” of Part II.

iii. Practice in examination of patent application invoking the grace period

Even if a patent examiner finds prior art which has been disclosed within the grace period and which has not been mentioned in a proof document for the grace period, the examiner will conduct examination in the same way as normal applications without the request invoking the grace period, and no significant difference or burden will exist in comparison to examination of normal applications.

The following is the procedure to handle a patent application requesting grace period.

0. An applicant seeking for a grace period shall submit a “proof document”

to show the invention was made public by the act of the person having the right to obtain a patent, within 30 days from the date of filing.

1. First of all, there is no preliminary checking of contents of the proof document and publication before substantial examination.
2. In the substantial examination, the examiner does not check whether the claimed invention is identical to the disclosed invention of which content the proof document explains. An then, if the examiner finds intervening prior art disclosed within the grace period which was not mentioned in the proof document and which seems to be able to deny novelty or inventive step of the claimed invention, the examiner will just send a notice of reason for refusal denying novelty or inventive step of the claimed invention citing the prior art. Here, there is no significant difference from the examination of normal applications without the request for grace period.
3. In case where the cited prior art is an invention which was invented and disclosed by third party and the applicant has no intention to argue on that, the applicant will just react to the reason for refusal as usual.
In case where the applicants believe that the cited prior art is the applicants' invention, the applicants can argue that the prior art cited by the examiner also falls within the exception by the grace period in their written opinion when responding the notice of reason for refusal. For example, applicants may argue for application of the grace period stating following points:
 - the prior art cited by the examiner is an invention made by the applicant which was disclosed by the third party against the will of applicants
 - the prior art cited by the examiner is an invention which was disclosed secondarily based on the first disclosure mentioned in the proof document and the secondary disclosure wasn't under control of the applicants
4. The examiner will consider the written opinion and judge the patentability of the claimed invention. If the written opinion contains argument for application of the grace period to the cited prior art, the examiner consider the written opinion including such argument and judge the patentability of the claimed invention.

As seen from the above explanation, when the examiner finds prior art which has not been mentioned in a proof document, an issue on whether or not such prior art falls within the exception by the grace period is dealt in the normal communication between an examiner and an applicant in examination process.

C. US

i. Legal Requirements

1) Current law (Pre-Leahy-Smith America Invents Act (AIA))

35 U.S.C. § 102(b), which establishes the grace period under current law, provides:

[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 or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States . . .

As set forth in the statute, the scope of the grace period includes printed publications, patents, and public uses or sales/offers for sale of the invention. The applicable time frame (duration) of the grace period is one year or less from the earliest effective U.S. filing date; foreign priority claims are not included in the calculation. The grace period arises by operation of law, which does not require a declaration to obtain the benefit of the grace period.

2) Effective March 16, 2013 (Post-AIA)

The new grace period provision under the AIA, 35 U.S.C. § 102(b)(1)-(2), provides:

(b) [Prior Art] **Exceptions.**—

- (1) **Disclosures made 1 year or less before the effective filing date of the claimed invention.**—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if –
 - (A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
 - (B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.
- (2) **Disclosures appearing in applications and patents.**—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if–
 - (A) the subject matter disclosed was obtained directly or indirectly from the inventor or joint inventor;
 - (B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
 - (C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed

invention, were owned by the same person or subject to an obligation of assignment to the same person.

The AIA maintains a 1-year grace period, but with some differences with respect to current law. First, the critical date—the date from which the grace period for an application is counted—is the earliest effective filing date of the application, which under the AIA includes claims of foreign priority. Second, while the scope of the AIA grace period has many similarities with respect to the current grace period, this new grace period has different implications for disclosures by third parties. As set forth above, the AIA grace period is specific to inventor or inventor-derived disclosures. Third party disclosures prior to the inventor’s earliest effective filing date generally count as prior art. While this is also an implication of how the pre-AIA grace period works (a disclosure by a third party prior to the applicant’s filing date is generally prior art unless applicant is able to “swear behind” it), the AIA grace period, however, provides that if the inventor disclosed the invention then later filed within the grace period, an intervening disclosure of or filing of an application for that subject matter by a third party may be deemed not to prejudice the inventor’s entitlement to a patent. In addition, and similar to current law, the AIA grace period does not require, by its terms, a declaration to obtain its benefit.

As is true with all U.S. laws, provisions of the AIA are subject to judicial interpretation by the courts, which is controlling on the USPTO. The USPTO is also authorized to promulgate rules for implementing provisions of the AIA. On July 26, 2012 the USPTO published proposed rules and administrative guidance to examiners related to the first-to-file provisions of the AIA, which cover, inter alia, grace period.

ii Background of policy and legal system

For the issues identified below, the USPTO provides information related only to the AIA grace period that takes effect March 16, 2013. It should also be noted that the policy and other considerations referred to below are taken from stakeholder Congressional testimony and/or other official legislative materials that Congress considered prior to enactment of the AIA, which, given the nature of the legislative process in the United States, serve as the most direct source of relevant background information as to the policy concerns Congress was attempting to address in the new law.

1) Duration

U.S. stakeholders have consistently identified one year as an appropriate duration for the grace period in view of the need to facilitate research collaboration, encourage open dissemination of research results, and provide time to obtain critical funding and perform research into the efficacy of an invention.

The 2011 House Judiciary Committee Report’s section-by-section analysis of the AIA notes that “[stakeholders] argued that the grace period affords the necessary time to prepare and file applications, and in some instances, to obtain the necessary funding that enables the inventor to prepare adequately the application. In addition, the grace period benefits the public by encouraging early disclosure of new inventions, regardless of

whether an application may later be filed for a patent on it.”²

Congressional testimony on behalf of universities noted that:

[C]urrent U.S. patent law provides a broad 12-month grace period before the effective filing date of an invention, during which the publication or other disclosures of the inventor and others carrying out research in the same area are not treated as prior art. This provision facilitates research collaboration and encourages publication and other forms of disseminating research results.³

2) Declaration

The AIA does not, by its terms, require a declaration for the applicant to obtain its benefit, and the legislative background for the AIA does not appear to contain any statements or comments on a declaration requirement. It should be noted, however, that the draft rules proposed by the USPTO on July 26, 2012, suggest that applicants declare any disclosures subject to the grace period at the time of filing of the application, to avoid examination delays. The rules also sets forth a process by which applicants can declare entitlement to the grace period for a disclosure identified in a rejection, by filing an affidavit containing the relevant information. [It should be noted that the rules are only proposals at this time, and are open to public comment and later revision by the USPTO, taking account of such comments.](#)

3) Scope

The background section of the 2011 House Judiciary Committee’s Report generally describes the scope of the new grace period:

Applicants' own publication or disclosure that occurs within 1 year prior to filing will not act as prior art against their applications. Similarly, disclosure by others during that time based on information obtained (directly or indirectly) from the inventor will not constitute prior art.⁴

Floor statements by Senators Leahy (one of the primary sponsors of the legislation) and Hatch made during the AIA legislative process provide further background regarding the grace period’s intended scope and mechanics. For instance, during the Leahy-Hatch colloquy, Senator Leahy explained that:

We intend that if an inventor’s actions are such as to constitute prior art under subsection 102(a), then those actions necessarily trigger subsection 102(b)’s protections for the inventor and, what would otherwise have been section

² H.R. Rep. No. 112-98, at 41 (2011).

³ *Perspectives on Patents: Harmonization and Other Matters: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary*, 109th Cong. (2005) (statement of Charles E. Phelps, Provost, University of Rochester, on behalf of the Association of American Universities)

⁴ H.R. Rep. No. 112-98, at 42 (2011).

102(a) prior art, would be excluded as prior art by the grace period provided by subsection 102(b).

...

A simple way of looking at [the new grace period] is that no aspect of the protections under current law for inventors who disclose their inventions before filing is in any way changed.

...

Senator Hatch further added that:

For the purposes of grace-period protection, the legislation intends parallelism between the treatment of an inventor's actions under subsection 102(a) that might create prior art and the treatment of those actions that negate any prior-art effect under subsection 102(b). Accordingly, small inventors and others will not accidentally create a patent-defeating bar by their pre-filing actions that would otherwise be prior art under subsection 102(a) as long as they file their patent applications within the grace period provided by subsection 102(b).⁵

Additionally, Senator Leahy specifies that the word "disclosure" is intended to be broader than the scope of Section 102(a)(1) prior art:

Indeed, as an example of this, subsection 102(b)(1)(A), as written, was deliberately couched in broader terms than subsection 102(a)(1). This means that any disclosure by the inventor whatsoever, whether or not in a form that resulted in the disclosure being available to the public, is wholly disregarded as prior art.⁶

As was previously mentioned, the AIA grace period also has implications for third party disclosures or application filings that occur between an inventor's graced disclosure and that inventor's later filing within the grace period. The House Judiciary Committee Report explains that this effect on third party activities was purposefully included as part of the grace period:

If an inventor publically discloses his invention, he preserves his priority to the invention even if there is intervening prior art between the inventor's public disclosure and the inventor's application for patent, provided that the application is made 1 year or less after the initial disclosure.⁷

In the above-mentioned colloquy, Senator Hatch provides additional details into the policy aims of Section 102(b)(1)(B):

. . . this provision ensures that an inventor who has made a public

⁵ 157 Cong. Rec. S1496 (daily ed. Mar. 9, 2011) (statement of Sen. Leahy).

⁶ *Id.*

⁷ H.R. Rep. No. 110-314, at 57 (citing the 2007 House Committee Report's section-by-section analysis as the grace period provisions were substantively identical to those of the AIA.)

disclosure—that is, a disclosure made available to the public by any means—is fully protected during the grace period. The inventor is protected not only from the inventor’s own disclosure being prior art against the inventor’s claimed invention, but also against the disclosures of any of the same subject matter in disclosures made by others being prior art against the inventor’s claimed invention under section 102(a) or section 103—so long as the prior art disclosures from others came after the public disclosure by the inventor.⁸

Additionally, Senator Leahy discussed the intended interplay between Section 102(b)(1)(B) and Section 102(b)(1)(A):

Subparagraph 102(b)(1)(B) is designed to work in tandem with subparagraph 102(b)(1)(A) to make a very strong grace period for inventors that have made a public disclosure before seeking a patent. Inventors who have made such disclosures are protected during the grace period, not only from their own disclosure, but also from disclosures by others that are made after their disclosure. This is an important protection we offer in our bill that will benefit independent and university inventors in particular.⁹

2. Summarizing Common Ground and Points to be discussed

Comparing the grace period systems explained in the above 1, there are common grounds as well as points to be further discussed, as follows.

1) Duration of Grace Period

Regarding duration of a grace period, it is 6 months in Europe and Japan, while 12 months in the US, suggesting that there is a difference in duration among the three countries/regions.

At the same time, in Europe and Japan the duration is calculated from the date of filing. On the other hand, in the US, under the AIA, it is calculated from the date of filing, but, in the case of an application claiming a priority, it is calculated from the priority date.

(Point to be discussed)

There is a need to discuss what the optimal duration of a grace period should be (6 months or 12 months).

2) Declaration or Prescribed Procedures

As for disclosures by right holders, in Europe and Japan, applicants invoking the grace period are required to make a declaration or take prescribed procedures at the time of filing. On the other hand, in the US, the AIA does not set forth a

⁸ 157 Cong. Rec. S1496-97 (Mar. 9, 2011) (Statement of Reps. Hatch).

⁹ *Id.* at S1497 (statement of Sen. Leahy).

requirement for such declaration or procedures, though recently published draft rules from the USPTO concerning the AIA grace period suggest that applicants should declare any disclosures subject to the grace period at the time of filing of the application.

(Point to be discussed)

In order to invoke the a grace period, there is a need to discuss whether the declarations or prescribed procedures should be required for applicants at the time of filing.

3) Types of Disclosures covered by Grace Period

As for disclosures of inventions by right holders, in the European system, only disclosures by displaying at recognized international exhibitions will be covered by the provision of a grace period. On the other hand, in Japan and the US, there is no limitation to types of the disclosures. In addition to displaying at the exhibitions, they involve disclosures in printed publications and those through sales or distributions. That is, while types of the disclosures covered by a grace period are limited in Europe, types of the disclosures in Japan and the US are not subject to any specific limitations.

With regard to disclosures of inventions by third parties, two cases can be assumed; one is that third parties have acquired the knowledge of disclosed inventions from the inventors; the other is that third parties have independently made the disclosed inventions. In the case where third parties have acquired the knowledge of disclosed inventions from the inventors, in Europe, disclosure as a result of abuse would be covered; in Japan, disclosures against the will of right holders, as well as disclosures as a result of the acts of right holders, would be covered by a grace period; and in the US, a third party disclosure can be covered by the grace period under the AIA if the third party obtained the subject matter disclosed directly or indirectly from the inventor. There is no such limitations regarding abuse or will under the AIA. For the case where third parties have independently made the disclosed inventions, see (4) below.

(Point to be discussed)

As for disclosures of inventions by right holders, there is a need to discuss whether types of disclosures covered by a grace period should be limited or not.

As for disclosures of inventions by third parties, there is also a need to discuss whether they should be limited to disclosures resulting from abuse or not.

4) How to deal with disclosure of an invention made independently by the third party

In the grace period systems of Europe and Japan, in case where disclosures of inventions, which have been independently made by third parties, are made during the period between the first disclosure by subsequent right holders and their patent filing, such intervening disclosure would not be covered by the grace period but would form prior art. On the other hand, in the new US system, such intervening

disclosures may be deemed not to prejudice the inventor's entitlement to a patent.

(Point to be discussed)

There is a need to discuss how to deal with intervening disclosures of inventions independently made by third parties.

Part II: Consideration of Best Practice

1. Changes in Grace Period system in each country/region

A. EP

(1) EPC

When the EPC was revised in 2000, the issue of adopting a grace period was not even discussed. Thus, Art. 55 EPC has never been amended, except for editorial reasons. For further information, reference is made to the section on the origins of the provision above.

(2) Other EPC countries

a) DE

In the years from 1936 to 1977 German patent law provided for a grace period covering all disclosures within six months before the application under the condition that the invention had been disclosed either by or through the will of the inventor or illicitly against the inventor's will. This grace period was granted within the context of a more limited scope of relevant prior art compared to today's rules (only disclosures in writing during the last 100 years before application and use of the invention within Germany constituted relevant state of the art). From 1978 onwards, the grace period provision was abolished and a transitional regime provided limited rights to grace pre-disclosures for such inventions that had been applied in the time from 1978 until including 1980 (with rather strict conditions for applications made later than July 1, 1980).

b) UK

The current UK provisions (section 2(4) of the Patents Act 1977) have existed with no change since they came into force in 1978. Section 2(4) is so framed as to have, as nearly as practicable, the same effects as the corresponding provisions of the EPC. It provides that if the invention was disclosed (a) in the six months before the application was filed and (b) as a result of the information having been obtained unlawfully or in breach of confidence or the invention having been displayed at an international exhibition, then this disclosure can be graced.

Prior to this, the Patents Act 1949 provided exclusions to novelty in the

following circumstances:

- i. Where a disclosure of the invention was made before the priority date of the invention and the applicant/inventor proved that the matter was obtained from him and was published without his consent (in addition the applicant had to show that they made the patent application as soon as possible after they became aware of that publication);
- ii. Where a separate patent application was made in contravention of the inventor's rights, or the applicant of that separate application disclosed, used or published the invention;
- iii. Communication of the invention to the Government (e.g. to investigate the invention or its merits); or
- iv. Display of the invention at an exhibition certified by the Board of Trade for this purpose, or publication or use resulting from such a display, if the patent application was made within six months.

The above exclusions to novelty were set out in sections 50(2), 50(3) and 51 of the 1949 Act which is available at:

www.legislation.gov.uk/ukpga/Geo6/12-13-14/87/section/50/enacted

B. JP

The scope of grace period has been expanded in Japan in order to respond to the changes in the environment surrounding the patent system, while meeting users' needs.

(1) Revision of the Japanese Patent Law in 1959

Before 1959, the Japanese Patent Law defined a very limited scope of the grace period. According to the revision of the Japanese Patent Law in 1959, the inventions which had been made disclosed in printed publications or through presentation at academic conferences became additionally covered by the provision of grace period.

Such expansion of scope of the grace period was made to respond to demands from the academic community. Prior to the revision, there were cases where researchers firstly disclosed their inventions in academic journals or through academic conferences without enough knowledge of the patent system, and then they tried to file patent applications to seek the protection for the inventions only to fail in obtaining patents. In order to provide a relief measure for such cases, it was decided that inventions that had been disclosed in printed publications or through presentations at academic conferences would be included into the scope of the grace period. It having been pointed out that the definition of "academic conferences" was not clear, the phrase was changed to "academic conferences designated by the Commissioner of the Japan Patent Office."

The Scope of Application of Grace Period
(Before the Revision in 1959)

- conducting tests by the person having the right to obtain a patent by the person having the right to obtain a patent
- displaying at exhibitions/fairs (only those held by Governments) by the person

- having the right to obtain a patent
- disclosure made against the will of the person having the right to obtain a patent

(After the Revision in 1959)

- conducting test, presenting in printed publications or in writing at academic conferences(only those designated by the Commissioner of the JPO) by the person having the right to obtain a patent
- displaying at exhibitions/fairs (only those held by Governments) by the person having the right to obtain a patent
- disclosure made against the will of the person having the right to obtain a patent

(2) Revision of the Japanese Patent Law in 1999

In 1999, the provisions on grace period were amended in the following two aspects.

i) Addition of presentation through the Internet into the scope of grace period

With an advancement of the Internet, technical information has become disclosed on it. The presentation of invention disclosed on the Internet is equivalent to or more than that in printed publications in term of communicability and timeliness. Therefore, it was decided to treat presentations through the Internet equivalently to those in printed publications.

(After the Revision in 1999)

- Conducting a test, presenting in printed publications, presenting through electric telecommunication lines, presenting in writing at academic conferences(only those designated by the Commissioner of the JPO) by the person having the right to obtain a patent
- displaying at exhibitions (only those held by Governments or those designated by the Commissioner of the JPO) by the person having the right to obtain a patent
- inventions that have been disclosed against the will of the person having the right to obtain a patent

ii) Providing relief through a grace period for patent applications that claim an invention which is not the same as a disclosed invention

Before the revision of the Japanese Patent Law in 1999, the grace period covered only the case where an invention that was disclosed was the same as the one claimed in the application. In other words, the invention disclosed to the public, to which grace period could apply, was deemed as being excluded from prior arts in considering novelty of invention, but deemed as prior arts in considering inventive step. Therefore, where the claimed invention in the patent application was not identical with the disclosed invention, the claimed invention might be refused due to the inventor's own disclosed invention on the grounds of the Patent Law Article 29 (2) (inventive step), even though the grace period was applied to such disclosed invention.

However, it was pointed out that inventions disclosed in academic papers or at academic conferences tended to be focusing on academic significances and accomplishments of researches, while inventions claimed in the applications should be focusing on the scope of the patent rights and requirements for description and that this difference in focus would naturally lead to differences in the contents between the inventions disclosed and those claimed in patent applications. In such cases, under the system before the revision in 1999, the inventor could not only obtain a patent for disclosed invention which is not identical completely with what had been already disclosed in an academic papers or at an academic conference, but also the third party could utilize the disclosed inventions without any limitations.

In order to deal with such cases, according to the revision of Japanese Patent Law in 1999, inventions that are not identical completely with what had been already disclosed can also be patented enjoying the relief provided by the grace period. Specifically, disclosed inventions that can be covered by the grace period should be deemed as being excluded from prior arts also in considering inventive step.

(3) Revision of Japanese Patent Law in 2011

As the advancement of open innovation, R&D activities of researchers in universities and SMEs as well as individual inventors have been diversified, resulting in diversification of manners or occasions to disclose result of R&D activities. Under such current circumstances, the provisions concerning exception to lack of novelty (provisions of grace period), which stipulate finite types of disclosure to be relieved, could not cover all disclosures, and therefore, the following problems had been pointed out when obtaining a patent.

i) Finite types of disclosure to be covered by grace period could not cover users' needs comprehensively.

The types of disclosure raised in the provision of grace period were not listed exhaustively, not including the following forms, and therefore, it had been pointed out that the scope of grace period did not sufficiently cover all the possible cases.

- Marketing research for business development
- Presentation by individual inventors, venture companies, or SMEs in the course of finding investors for their invention
- Sales

ii) There was inconsistency in the application of the grace period depending on how inventions were disclosed.

Under the previous system, there was a case where one type of disclosure was covered by grace period and another one was not covered due to differences in the manner of disclosure or media, even though both types of disclosure were very close to each other in term of their nature. Simply speaking, the previous system caused an imbalance in the application of the grace period provision depending on types of disclosure.

Examples of Imbalance:

- Disclosure thorough distributing catalogues or brochures of their own products to

unspecified customers could be covered by grace period, while disclosure resulting from the sales of their own product itself could not be covered.

- Disclosure through the internet streaming could be covered by grace period, while disclosure through broadcasting an interview on the product might not.

In addition, the following inconsistencies were pointed out: Disclosure of invention in writing at an academic conference held by an academic group could not be covered by grace period, if the academic group was not designated by Commissioner of the JPO. On the other hand, disclosure of invention in a collection of papers published for an academic conference in advance could be covered by grace period regardless of whether or not the academic conference was designated by Commissioner of the JPO.

iii) The application of the grace period depended on whether or not academic societies had applied for designation.

Before the revision, academic societies needed to be designated by Commissioner of the JPO in order to hold an academic conference at which disclosure made could be covered by grace period. Thus, the application of the grace period depended on whether academic societies had applied for designation. Under the current trend, Japanese researchers are more likely to present their inventions at academic conferences held in foreign countries than ever. Of course, according to the previous law, it was also possible to designate foreign academic societies, but practically there were no such applications seeking for the designation from the foreign academic societies. Therefore, as a result, disclosure of inventions made through presentation at the foreign academic conferences could not be covered by grace period.

In order to correct the above mentioned imbalance concerning the application of the grace period, it was decided to expand the scope of the grace period to cover all inventions which are disclosed as a result of acts of applicants. Moreover, it was considered that such expansion of scope of grace period would meet the needs of researchers in universities and other public research institutes. At the same time it was also considered that, taking into account the diversification of R&D activities along with the advancement of open innovation, it is important to enhance user-friendliness for those who are not familiar with the patent system, in order to expand a range of players for creation of innovations and to facilitate industry-university collaboration.

(After the Revision in 2011)

- Disclosure as a result of an act of a person having the right to obtain a patent
- inventions that have become publicly known against the will of the person having the right to obtain a patent

C. U.S.

[1] Stakeholder Input

The House and Senate subcommittees with purview on intellectual property matters convened a number of hearings over the course of the last several years to gather input from stakeholders regarding, inter alia, the importance of the grace period to the U.S.

patent system. The input received from stakeholders indicates that the grace period in the United States enjoys widespread support among universities, public research institutions, small entities, independent inventors, industry and the legal community.

The following user statements have been excerpted directly from the above-mentioned hearing transcripts and may discuss specific grace period mechanics from prior reform bills with different language/provisions. Although these statements precede the Congressional session that resulted in enactment of the AIA, they are nevertheless considered relevant to the background of the AIA grace period.

Statements made on behalf of universities, public research institutions, small entities, industry and legal associations:

Statement of Carl Gulbrandsen, Managing Director, Wisconsin Alumni Research Foundation and Vice President of the Public Policy Committee of the Association of University Technology Managers (AUTM):

For example, certain statutory safeguards are necessary. Such safeguards should include the means to promote public disclosure of new discoveries, maintain the blanket one-year publication rule that currently provides a one-year grace period, and protect the true inventor from misappropriation by parties who have not made a significant contribution to a claimed invention.

...

I would just state additionally that universities are open environments. For the universities to change their culture and say, “We’ve got to get to the Patent Office before we publish this discovery, or before we talk to anybody about it,” is really a change for universities, even a change for Wisconsin. We encourage publication. That’s what we’re about. We’re an open environment. And that’s how technology works in this country.

If I could just read to you what PROTON, which is the pan-European network of knowledge transfer offices, says about the European patent system; its quote is, “The European patent system, with its complexity and cost, is much less appropriate to university-based inventions than the U.S. system, and acts as a barrier to innovation for public research. It lacks a grace period, a provisional patent system, a continuation in parts system, and is several times more expensive. PROTON Europe is convinced that these changes account in large part for the much lower number of patented inventions coming out of public research in Europe.”¹⁰

¹⁰ *Patent Law Reform: Injunctions and Damages: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary*, 109th Cong. (2005) (statement of Carl Gulbrandsen, Managing Director, Wisconsin Alumni Research Foundation (WARF))

Statement of Charles E. Phelps, on behalf of the Association of American Universities:

Under a shift to a first-inventor-to-file system, we can operate under that system reasonably comfortably as long as we have the grace period for publications. The worst outcome for scholarly communication in that world would be one where there is no grace period, because there you have to dampen off all scholarly communication about your work until the patent is filed. It is very inhibiting of appropriate scholarly communication.

....

So to me the most important aspect of this is not the shift to first-to-file, which I think we can live with quite comfortably so long as we have that grace period intact, preferably the broadest of all possible grace periods in terms of how much publication it encompasses.¹¹

Statement of William T. Tucker, Executive Director, Research and Administration and Technology Transfer, University of California, (addressing a grace period provision in a prior legislative proposal on patent reform that was narrower than the grace period provision enacted in the AIA):

Unlike our scientific colleagues and companies, university research is operated in an open environment where dissemination and sharing of research results is encouraged. In the publish or perish university environment, if a first-inventor-to-file system is not adequately mitigated with an effective grace period, it could result in the loss of patent protection for our inventions. We appreciate the inclusion of a grace period language in H.R. 1908, but have concerns it may not adequately address the reality of the academic university environment.

Also, the rush to the Patent Office mentality created by a first-inventor-to-file system may force researchers to delay publication after a patent application is filed. This would slow the public reporting of scientific advances which is antithetical to the fundamental principle of academia and the intent of the patent system.

....

Under the current first-to-invent system, researchers at American universities have had the ability to develop their ideas, and have a one-year grace period to get to the USPTO to file a patent application after disclosing their idea. This one-year grace period has allowed universities the time to evaluate the

¹¹ *Perspectives on Patents: Harmonization and Other Matters: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary*, 109th Cong. (2005) (Statement of Charles E. Phelps, on behalf of the Association of American Universities).

commercial potential and patentability of an invention and allowed universities to focus on locating the best licensing partner to develop the technology.

In a first-inventor-to-file system, inventors would not have rights to their inventions until they file a patent application with the USPTO before another party filed. There would be no one-year grace period available with regard to third party publications and past patent filings. The result may be that university researchers lose their ability to obtain patents for inventions. In a first-inventor-to-file system, universities would have to act quickly to file applications in order to preserve their inventors' rights, often before conducting a reasoned analysis of the merits of an invention. Unless a quick filing occurs, a university could risk losing rights to those inventions altogether. And because research universities like [UC University of California] receive such a large number of inventor disclosures in a wide variety of fields, this would be a huge burden for universities to undertake.

....

As discussed previously, public disclosure and collaboration are crucial in the academic setting, where, unlike in the private sector, the emphasis is on publishing and sharing research results to advance the science rather than keeping new developments secret until patent applications can be filed. As UC interprets the legislation, under the "absolute novelty" proposal, if anyone other than the inventor discusses the proposal in public before a patent application is filed, the inventor would lose the right to obtain a patent on the invention because the public disclosures of any party other than the inventor would be considered prior art.

The removal of the current one-year grace period in conjunction with the first-inventor-to-file system will essentially force universities to either move immediately to file patent applications before a researcher's articles can be published or even discussed in public (causing potential delay to the researcher's work as a result), or to simply risk losing the right to patent the invention at all. While private companies can bind their employees to confidentiality agreement to avoid this risk, such an arrangement would be unacceptable to researchers working in academia, and thus places them at a disadvantage in terms of the potential commercialization of their work.

Rather than remove the current grace period, UC recommends that Congress retain the current grace period law and encourage other countries to adopt a similar grace period in their patent systems, consistent with the recommendation included in the National Academies' National Research Council report, a "Patent System for the 21st Century." . . .¹²

¹² *The Patent Reform Act of 2007: Hearing Before the Subcomm. on Courts, The Internet and Intellectual Prop. of the House Comm. on the Judiciary*, 110th Cong. (2007) (statement William T. Tucker, Executive Director, Research and Administration and Technology Transfer, University of California)

Findings from the National Research Council of the National Academies:

The United States should retain and seek to persuade other countries to adopt a grace period, allowing someone to file a patent application within one year of publication of its details without having the publication considered prior art precluding a patent grant. This provision encourages early disclosure and is especially beneficial for dissemination of academic research results that may have commercial application. As other countries try to accelerate the transfer of technology from public research organizations to private firms through patents and licensing, the idea of a grace period is likely to become more widely accepted.¹³

Statement of Robert A. Armitage, Senior Vice President and General Counsel, Eli Lilly and Company:

Adopt the first-inventor-to-file principle as part of U.S. patent law. Do so by maintaining the traditional inventor-focused features of U.S. patent law, including the inventor's 1-year "grace period" . . .¹⁴

Statements opposing the AIA grace period:

There do not appear to be any recent statements by U.S. stakeholders opposing the AIA grace period or a grace period more generally.

[2] Introduction of U.S.C. 35 Section 102(b)(1)(B)

For policy considerations regarding the introduction of Section 102(b)(1)(B) of 35 U.S.C. please see Part I (1)(C)(II), above, which details the "Scope" of the AIA grace period.

2. Current Status of usage of grace period in Tegernsee member country/region

A. EP

(1) EPC

As the EPC does not provide a grace period per se, we have no input to provide here.

¹³ A Patent System for the 21st Century, National Research Council of the National Academies (2004).

¹⁴ *Perspective on Patents: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary*, 109th Cong. (2005) (Statement of Robert A. Armitage, Senior Vice President and General Counsel, Eli Lilly and Company).

Given that the application of Art. 55(1)(a) EPC, providing for the non-prejudicial nature of disclosures made as a result of evident abuse in relation to the applicant are not subject to any particular formality, the EPO automated systems have no way of finding the number of cases in which such an issue arises.

A quick perusal of the case law of the EPO Boards of Appeal shows that Art. 55(1)(a) EPC is rarely invoked, with approximately 15 cases having been handed down altogether. In all the cases consulted, Art. 55(1)(a) EPC was unsuccessfully invoked. Failure was generally due to either the alleged evident abuse having occurred earlier than 6 months from the filing of the application, or to the patentee or applicant failing to establish that an obligation of confidence existed, which had then been breached. However, in at least one case, Art. 55(1) EPC was also unsuccessfully invoked because the disclosure constituting an alleged “evident abuse” was in fact found not to be a public prior use, as the third parties to whom the invention had been imparted were themselves held to be under an obligation of secrecy, and therefore, the invention had not been made available to the public (See T 945/95), obviating the need to invoke Art. 55(1)(a)EPC. This information does not purport to be complete and authoritative, in particular since it gives no indication of the frequency and success of invoking Art. 55 EPC in front of the Examining Divisions.

As for the frequency of filing of a declaration under Art. 55(1)(b), the EPO is unable at this time to extract such data from its systems, but the figure would undoubtedly be very low.

(2) Other EPC countries

a) DK

It is not possible to find statistical data on how often non prejudicial disclosures are asserted. However, it is rather probable that if any this is limited to a very little number of cases.

b) DE

Parallel to the provision of Art. 55 EPC German patent law according to sec. 3 para. 5 of the German Patent Act only provides for two types of exceptionally non-prejudicial disclosure (illicitly or through display on an exhibition under the Paris Convention). Such disclosures that may not lie more than six months before the patent application, cases of display need to be formally declared already at the time of the patent applications. Cases in which the scope of the relevant state of the art is thus exceptionally reduced are not registered in a manner that would allow for statistical evaluation. Experiences of both formal and technical examiners show, however, that this exception is made use of seldom enough to expect a very small ratio of all applications in total.

There occasionally are reports from certain industries that their specific products needed testing before the application of the embodied technology as a patent and that they needed grace for disclosures that were inevitable when

practical testing was carried out. Whether this argument is valid can hardly be assessed. Other industries with products even more in need of practical testing obviously follow different patenting strategies, i.e. early application before testing a prototype.

c) FR

There are very few cases in which a disclosure covered by Article L 611-3 IPC was invoked. This is probably because of the conditions for invoking this article are rather strict.

d) UK

Unfortunately it is not possible to provide statistical data on the number of occasions on which a disclosure is disregarded due to it having taken place in the six months preceding the filing date and being as a result of the information having been obtained unlawfully or in breach of confidence or the invention having been displayed at an international exhibition. This is because we do not have a system by which such occurrences are logged. However, we are aware of a few occasions where an examiner has considered the matter in pre-grant processing, and one occasion where the matter was considered by a Hearing Officer: see BL O/124/12¹⁵. On this basis it is thought likely that only a very small percentage of prior disclosures fall into this category.

At a stakeholder consultation meeting on 11 June 2012, UK users were asked whether they had experienced any particular issues in relation to the lack of a broader grace period provision. Those users present at this meeting made clear that there are a large number of cases that have collapsed because the patent turns out not to be valid due to self-prejudice. Users also commented that there is potentially a large number of inventors and businesses who never applied for a patent because they realised they had already made their invention public – of course this is not possible to measure using patent statistics, and in the time scale for this study it has not been possible to survey UK inventors and businesses to ascertain how often this occurs.

B. JP

Statistical Survey

Based on the revision of the Patent Law in 2011, the grace period with the expanded scope has been implemented from April 2012. In the 2011 fiscal year (April 2011 to March 2012), the number of requests to invoke the grace period was approximately 1,500. This represents a mere 0.44% of the number of patent applications filed at the JPO in FY2011, which was 345,000.

As for the number of patent application invoking the grace period in FY2012 (starting

¹⁵ Available at www.ipo.gov.uk/p-challenge-decision-results-bl?BL_Number=O/124/12

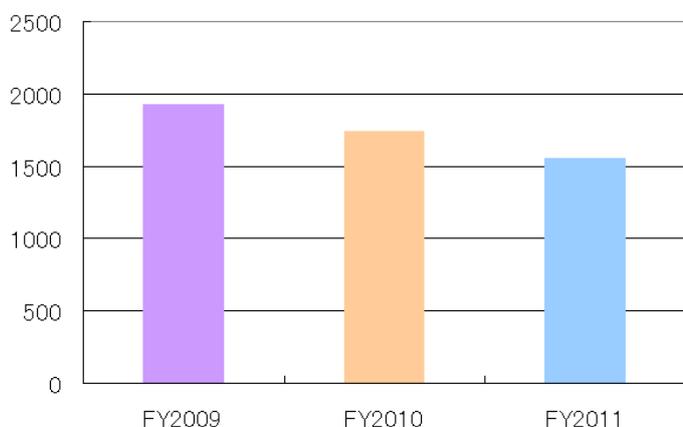
April 2012), those between April and June could be counted at the end of July and the number was 588. This shows that the number is 1.7 times that during the same period in FY2011. The JPO further conducted a more detailed analysis into the patent applications requesting these grace periods.

At present, as far as the results of survey for the months of April to June 2012 are concerned, the following can be suggested about the impact that expanding the scope of the grace period has had since it was introduced under the 2011 revision of the Patent Law:

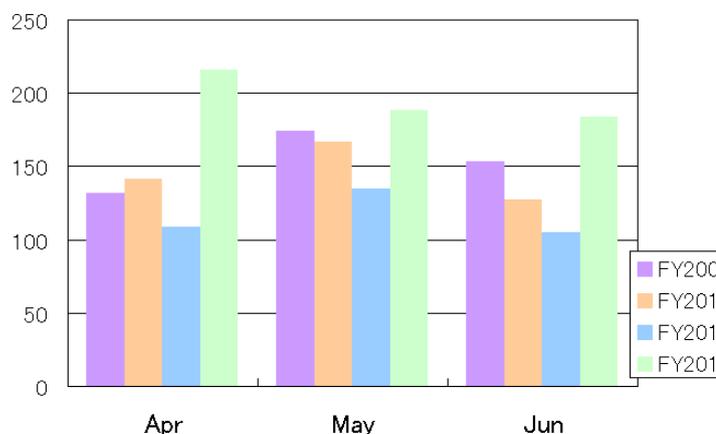
- 1) Expanding the scope of the grace period increased the number of requests for the grace periods to apply.
- 2) If the number of requests for grace periods filed by universities/public research institutes and joint-applicants (such as universities/public research institutes) are summed, the number of university-related patent application requesting grace periods has increased by approximately 16% (to 206 cases (106+100)) between April and June in 2012. There were 177 cases (88+89) during the same period in 2011.
- 3) The number of requests for grace periods by small and medium sized enterprises (SMEs) has grown rapidly, showing a 4-fold increase.

The following graphs and tables show statistical data for grace periods. However, since this data reflects the number that was released immediately after the grace period system was revised, it may reflect special circumstances. Accordingly, it may be premature to conclusively evaluate the results, so a fuller evaluation should be made.

Number of Applications requesting GP from FY 2009 to FY 2011



Number of Applications requesting GP in April – June



**Breakdown in Number of Applications Requesting GP
between Apr – Jun of 2011 and 2012 [Type of Applicant]**

	Apr - June of 2011		Apr - June of 2012	
	Count	Percentage	Count	Percentage
University/Public Research Institute	88	25.2%	106	18.0%
Joint Applicant(including University/Public Research Institute)	89	25.5%	100	17.0%
SME	34	9.7%	130	22.1%
Large Company	90	25.8%	169	28.7%
Joint Applicant(not-including University/Public Research Institute)	24	6.9%	54	9.2%
Other	24	6.9%	29	4.9%
Total	349	-	588	-

**Detail of Number of Applications requesting GP
in Apr & May of 2011 and 2012
[Type of Disclosure & Type of Applicant]**

	University / Public Research Institute		Joint Applicants (including University / Public Research Institute)		SME		Large Company		Joint Applicants (excluding University / Public Research Institute)		Other		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
	Printed Publication	10	14	7	11	8	19	30	29	3	11	4	3	62
Internet	6	14	5	14	1	18	14	48	5	5	6	3	37	102
TV/Radio	-	2	-	0	-	1	-	0	-	0	-	0	0	3
Academic Meeting (including disclosure though collection of papers for such meeting)	69	67	73	69	15	15	41	51	15	12	7	6	220	220
Other Meeting	-	0	-	0	-	5	-	7	-	1	-	2	-	15
Exhibition/Fair	2	7	2	5	6	34	2	22	1	10	4	12	17	90
Test	0	0	1	0	2	3	1	0	0	3	0	0	4	6
Sale	-	0	-	0	-	21	-	8	-	7	-	1	-	37
Other Working of Invention	-	0	-	1	-	8	-	2	-	5	-	1	-	17
No Data Entry	1	2	1	0	2	6	2	2	0	0	3	1	9	11
Total	88	106	89	100	34	130	90	169	24	54	24	29	349	588

Questionnaire Survey

Moreover, the JPO conducted a questionnaire on the usage of the grace period system at various entities: headquarters of industry-academia collaboration in universities, headquarters of IP in universities, and university teachers and researchers. All of these respondents will be collectively referred to as “universities and other institutions”. In addition, the JPO also questioned large companies and persons in charge of supporting SMEs.¹⁶ The outline of the survey results are as follows:

1) Evaluation of the 2011 revision of the Patent Law

Approximately 30% of universities and other institutions (university IP headquarters, university teachers, etc.), large companies and persons in charge of supporting SMEs answered that they could not still give an evaluation of the 2011 revision to the Patent Law concerning the grace period system. However, excluding this percentage, we can see that most respondents gave a favorable evaluation of the legal revision (including answers that the revision was good but still not enough).

On the other hand, there were some negative opinions about the legal revision. These included concerns that the grace period with the expanded scope might promote anyone to disclose inventions with no careful consideration before patent applications are filed.

2) Usage of the Grace Period

As for the frequency of using the grace period, we found that universities and other institutions used it most frequently, with nearly 50% of them answering that they used the grace period system for 1 out of 10 applications. The next highest frequency of use was by SMEs, followed by large companies.

3) Major Comments on the Grace Period

Universities have been making strides in filing patent applications before making presentations at academic conferences. Nevertheless, the first concern of researchers always is making early presentations at academic conferences, so there were inevitable cases when they could not help but use the grace period as a relief measure. (See

¹⁶For headquarters of industry-academia collaboration and IP in universities, the JPO conducted a questionnaire survey among 96 headquarters and received 52 valid responses.

For university teachers and researchers, the JPO asked the above 96 university headquarters to call for cooperation with them, and received 112 responses.

For persons in charge of supporting SMEs, the JPO conducted the survey with 138 officials at the “Comprehensive IP Support Service Counters” located nationwide in the 47 prefectures, who have been working on operations for SME consultation, and received 112 valid responses.

For large companies, the JPO sent the survey to 47 large enterprises, which have used the grace period system more than four times in FY 2011, and received 39 valid responses.

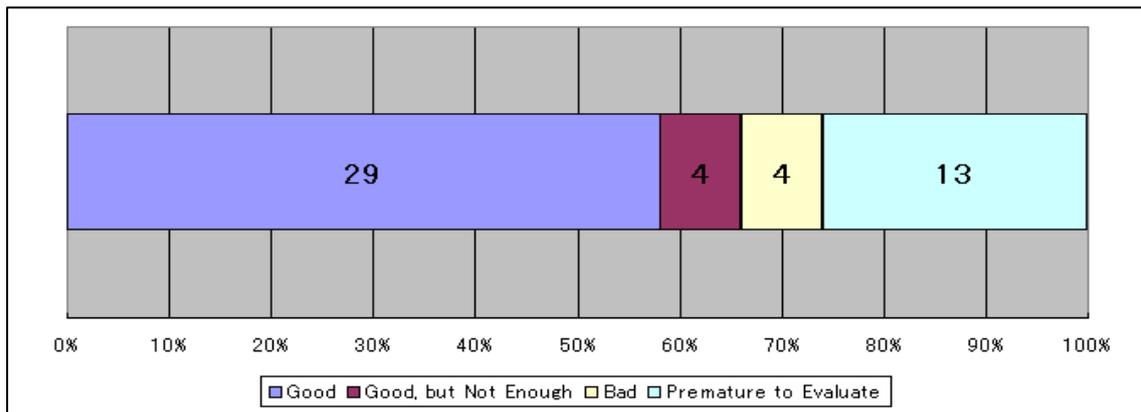
comment 1 to 3 from universities.)

For SMEs, it can be said that they do not have sufficient knowledge about the patent system itself. Accordingly, they tend to sell or exhibit their inventions, not realizing that by disclosing their inventions before filing patent applications, the inventions might lose novelty and become unpatentable. (See comment 1 and 2 from persons in charge of supporting SMEs.)

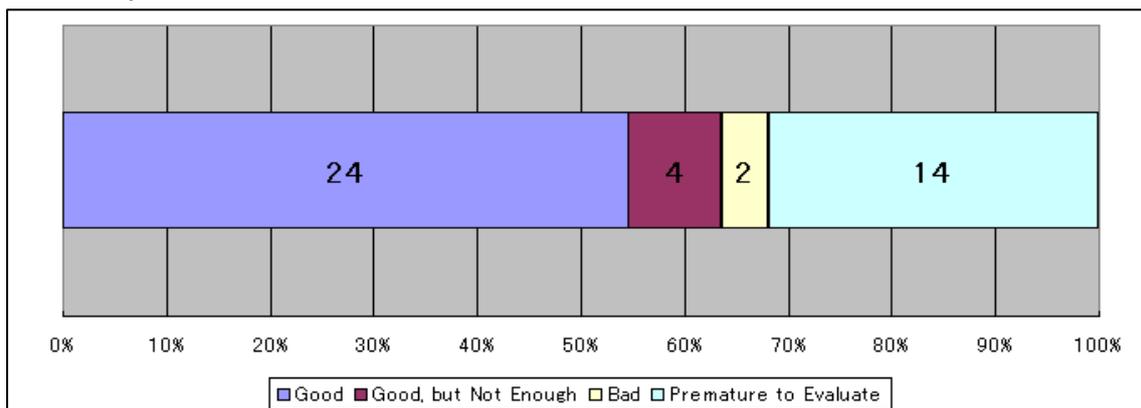
Large companies operate under strict policies never to disclose their inventions before filing patent applications for them first. Nevertheless, due to some kinds of errors, there are some cases when the inventions have been disclosed before the applications were filed. (See comment 1 from large companies) Large companies themselves have recognized the value of the grace period as a means of support. (See comment 2 and 3 from large companies)

1) Evaluation of the 2011 revision of the Patent Law

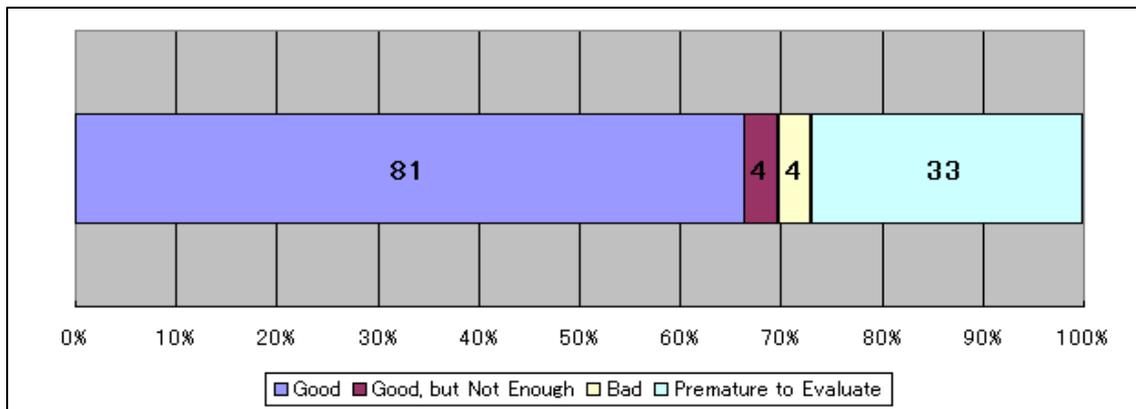
Headquarters of industry-academia collaboration and IP in universities



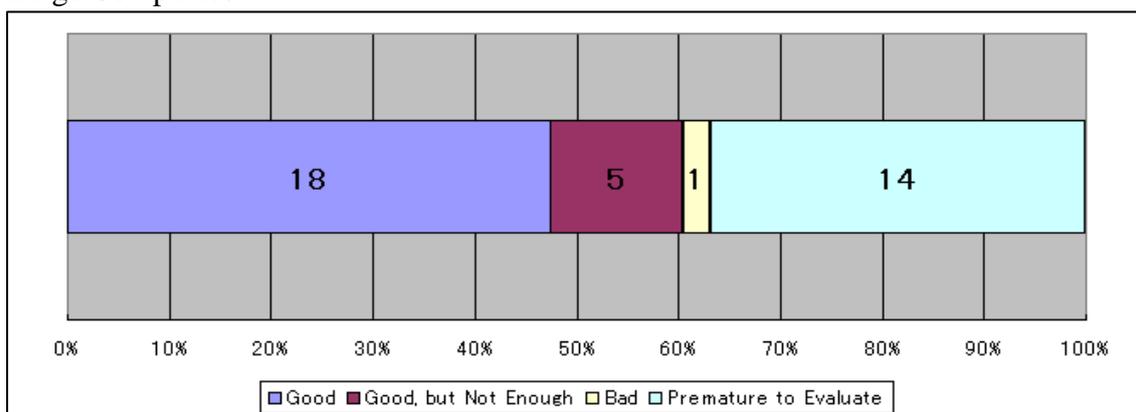
University Teachers and Researchers



SMEs

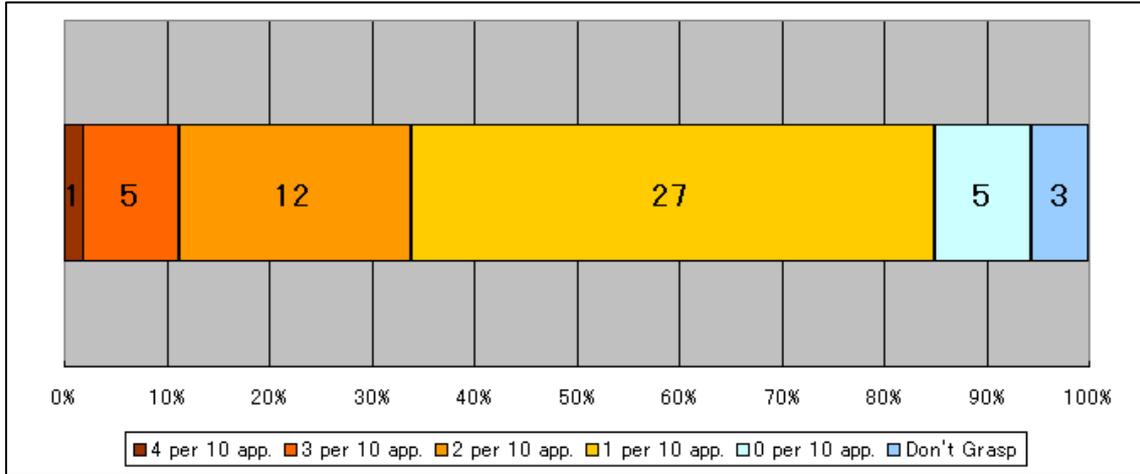


Large Companies

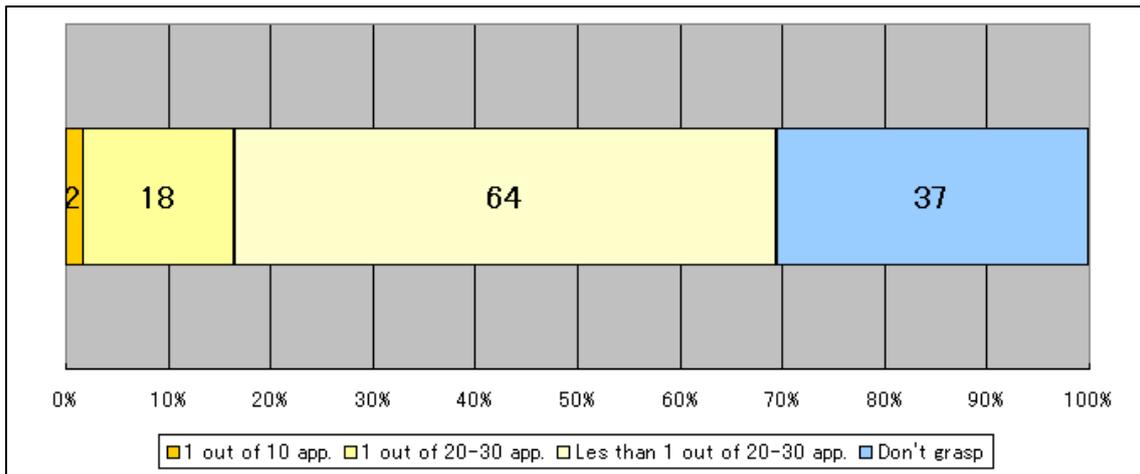


2) Usage of the Grace Period

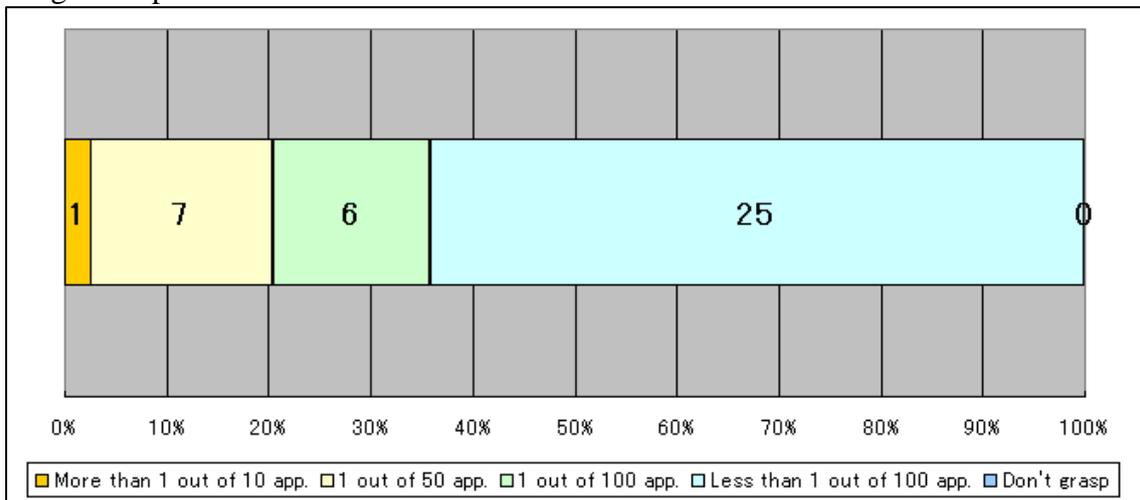
Headquarters of industry-academia collaboration and IP in universities



SMEs



Large Companies



3) Major Comments on the Grace Period

Positive Comments

- Universities have been working to file patent applications before making presentations at academic conferences as far as possible. Nevertheless, there are certain tendencies to make presentations before filing patent applications. (Comment 1 from universities and other institutions)
- Due to lower awareness on the importance of filing patent applications among researchers in universities compared to those in business enterprises, it would be appreciated if there is any relief measure to support university researchers. (Comment 2 from universities and other institutions)
- Efforts for raising awareness on the importance of IP have been made in the university, but, the reality is that there are still some teachers having insufficient knowledge about the IP system. Accordingly, there have been a lot of cases where they have disclosed their inventions before filing patent applications, without knowing the patent system sufficiently. Going forward, it is likely that such cases will occur again. (Comment 3 from universities and other institutions)
- For SMEs, which tend not to have any person in charge of IP, we can see some cases where they might not even realize the necessity of “novelty.” The value of grace periods may be great as a means of support to protect newly-invented technology. (Comment 1 from persons in charge of supporting SMEs)
- Due to insufficient knowledge about the patent system itself, we found some SMEs which came to realize the importance of novelty only after disclosing their inventions at exhibitions and seeking consultation on filing patent applications. (Comment 2 from persons in charge of supporting SMEs)
- As SMEs have insufficient financial resources, they need to display their newly-developed products as early as possible at exhibitions, etc. in order to receive orders. We believe that expanding the scope of exceptional measures for novelty might be favorable for SMEs because they would not lose opportunities to file patent applications for them. (Comment 3 from persons in charge of supporting SMEs)
- In general, only enterprises with sufficient financial resource and high awareness on the importance of patent rights might obtain patents rights before selling their inventions. There are quite a lot of SMEs which came to seek patents only after sales of their invented products have been increasing. (Comment 4 from persons in charge of supporting SMEs)
- We could not help but use the grace period as a relief measure when inventions were disclosed before filing patent applications due to miscommunications with patent

firms and deadline management errors. (Comment 1 from large companies)

- We should file patent applications before disclosing inventions in order not to use grace periods, unless there are exceptionally urgent and compelling circumstances. We think that grace periods should be used as a last measure like an insurance. (Comment 2 from large companies)
- We have recognized the value of the grace period as a means of support in the event of an emergency. (Comment 2 from large companies)

Negative Comments

- Due to the grace period system, there has been a tendency to easily make presentations at academic conferences before patent applications are filed. By expanding the scope of the grace period, there are concerns that such tendency would become increasingly stronger. (Comment 4 from universities and other institutions)
- While we appreciate expanding the scope of the grace period, it should be noted that the usage of the grace period might bring an inventor/applicants a risk of his/her idea being stolen by other person. (Comment 5 from universities and other institutions)
- We believe that expanding the scope of the grace period might be favorable for most universities, but there might be low demand in industries. It might be necessary for universities and other institutions to encourage patent applications earlier, in addition to using exceptional measures for lack of novelty. (Comment 3 from large companies)
- Basically, we should operate under strict policies to complete filing patent applications before losing novelty for them, as well as thoroughly inform employees of these policies, so as not to use an exceptional rule for lack of novelty. There certainly have been some cases where such exceptional rule for lack of novelty has been helpful. Nevertheless, considering cases where rival competitors would be also helped by such an exceptional rule, we remain opposed to expanding the scope of the grace period. (Comment 4 from large companies)

Other

- Since applications are basically filed prior to public disclosure, there are hardly any cases to use exceptional measures for lack of novelty. (Comment 5 from large enterprises)
- It should be emphasized a little more that a grace period system is absolutely for an “exceptional” case. Some people interpret the situation as if “there is no problem at all to make presentations at academic conferences, because novelty will not be lost thanks to grace periods.” (Comment 6 from universities and other institutions)

- Since most applications are filed overseas, there is no case to use a grace period system when filing in Japan. (Comment 7 from universities and other institutions)
- Since duration (6 months, 12 months) and requirements of grace periods differ among the U.S., Europe, China and other countries, it is so complicated to handle patent applications. We believe that it may thus be a good idea to harmonize the duration of grace periods (12 months, for example) and make such a unified rule as the one in Japan which does not limit the types of disclosures (that is, including sales). (Comment 5 from persons in charge of supporting SMEs)
- Grace period systems should be globally standardized, because different requirements (the scope, duration, etc.) of the system in each country might make it difficult to control the applications. (Comment 5 from large companies)

Specific Cases of Using Grace Periods

(Universities and other institutions)

- As to an invention related to method of dyeing at normal temperature for timbers, a notification for that has been made before the disclosure, but filing a patent application for that was not in time. Accordingly, we used the grace period system and obtained patent rights for that. Thanks to this patent, we successfully made a license agreement with business enterprises and gained the license income.
- By using the grace period system, we filed a patent application for an invention for which presentations were made at academic conferences, and registered a patent right for that. We made a license agreement with a major beverage manufacturer to commercialize and sell these products in the near future.
- We received a report from an inventor after a presentation of the invention had been made at academic conferences, and filed a patent application for that in Japan requesting the application of Article 30 of the Patent Law. Some enterprises showed interest in the presentation material and offered a request for a license agreement. We hastily made preparations to file patent applications abroad, but gave up the patent applications to some countries.

(SMEs)

- One small company had sold its product without an intention of filing patent applications, but received high reputation for the product, and then, it reconsidered patent applications for it.
- We received inquiries about mounting fixture for multipurpose container designed for medical wagon, but presentations for that had been made at academic conferences as well as interviewed by the local media. Accordingly, we filed a patent application for that by using a system of grace period.
- One small company has conducted a joint-research with a public research and development institute, but the institute made presentations for the joint-research. Therefore, the company obtained patent rights for that by using the grace period

system. Currently, although it's a very small scale, the company is manufacturing the products and selling them to trading companies.

(Large enterprises)

- After submitting an article on an invention on a catalyst for a fuel cell in an academic magazine, we found that patent application for the invention was not filed. We filed a patent application in a hurry and acquired a patent.
- Due to the delay in making a notification to the IP division, we were not able to file a patent application before disclosing the invention.
- Although we considered that there is no need to file an application at first, we filed the application in a hurry because there was a huge public reaction when presentation was made at an academic conference.
- We made a presentation at an academic conference for an invention that the IP division did not acknowledge its technical value, without filing an application. Subsequently, the disclosed technology was acknowledged as important for our business strategy. Consequently, the patent application was filed after the presentation at the academic conference.
- At first, we planned to file an application before making a presentation at an academic conference. But it took time to draw up the specification and as a result, the application was filed after making a presentation at the academic conference.

C. U.S

As discussed above in section “C. U.S” of “1. Grace Period in Tegernsee member country/region” under Part I, the current (pre-AIA) U.S. grace period, which would be the only applicable provision for which the requested data could possibly be provided at this time, arises by operation of law. Therefore, the USPTO does not, and is not in a position to, collect statistical data on usage of the grace period at present.

3. Opinions from users

A. EP

(1) EPC

The EPO has consulted its users on two occasions this year *inter alia* with regard to the Grace period, and has reaped detailed observations on the issue denoting varied opinions.

In February 2012, a consultation of European users revealed deep divisions between them as regards the grace period. Some users were emphatic that Europe did not want or

need a grace period, which brought legal uncertainty. Others were more open, and found that a reasonable definition for a grace period might be 6 months, include a mandatory declaration, and provide that prior user rights would be able to accrue until the priority date. One member of industry observed that the needs of European SMEs might need to be more thoroughly investigated in this regard.

It was also noted that where SMEs need a grace period, it is not to publish printed matter, but to show customers their inventions or carry out trials prior to engaging in the costs of patenting. It was also argued that if inventors can do this, they will then file better applications as a result of the feedback from such tests or use.

One delegate opined that those who argue that Germany used to have a grace period which functioned just fine, should be reminded that this was prior to the internet. Since then, the rules of information dissemination have changed.

The Japanese grace period was viewed favorably, participants having experience with the declaration requirement in Japan stated that it was not onerous for users, a statement had to be filed at the JPO, along with a copy of the material disclosed. Another participant noted that where the disclosure was a public trial, presenting the material evidence to the JPO was more difficult.

Another European user consultation took place at the end of June 2012. In this round, which entailed also detailed written submissions, users were evenly divided in three groups: those supporting the grace period in principle, those decidedly against it, and those who remained non-committal.

Interestingly enough, several users stated that there was insufficient evidence with regard to the functioning of the grace period, even in countries which operated under one such as the US, since the vast majority of applicants functioned on a first-to-file basis world-wide, due to the absence of a grace period in Europe. Thus, even in jurisdictions having a grace period, the full-fledged impact of a grace period on the operation of the patent system in the modern information technology context was unknown.

In substantive terms, where users either supported the introduction of a grace period in Europe as best practice or could envisage the adoption of a grace period as a compromise, there was unanimity that the grace period should remain a carefully restricted safety-net, and that if a grace period were to be introduced in Europe, this could only be envisaged if it was an international grace period with uniform application throughout all harmonized states, without exceptions. A safety-net grace period in Europe coexisting with the grace period as defined in the AIA was rejected by all, even those supporting the grace period in principle.

In terms of duration, users were fairly evenly divided between 6 and 12 months prior to the priority or filing date, but a new position also emerged, with several users opining that a very short duration of 3 months would suffice to allow a grace period to fulfill its policy purpose of as a safety-net.

A majority supported a declaration requirement, requiring the applicant to disclose to the best of his knowledge upon filing what had been published prior to filing, when and how, as it would enhance legal certainty.

There was unanimity that prior user rights should be available throughout the grace period, up until the priority or filing date of the application, in order to protect third parties, but also to create enough risk for inventors to give them the incentive to file patent applications prior to disclosing their inventions.

Regarding the scope of the grace period, European users were unanimous in stating that only the disclosure of the applicant's invention should be graced. Pre-filing disclosures by independent inventors, whether before or after the applicant's first disclosure, should not be graced, but form novelty-destroying prior art. This was considered an essential component of a safety-net grace period provision. Those users in favour of the grace period assumed that it would be extremely restricted in scope, and intended to operate only in case of abuse, accidental disclosure, or (by Pharmaceutical and Chemical companies) where testing or clinical trials were necessary to establish plausibility for the purposes of filing a patent application.

Those opposing the grace period were emphatic about the disadvantages: an increase in legal uncertainty was the leitmotiv.

However, users also objected that a grace period unduly complicated the patent granting procedure and increased its already considerable complexity. In this vein, several users drew attention to the fact that, although the grace period was often argued to be helpful to inexperienced inventors and SMEs, the grace period was actually particularly dangerous for that sub-group of users of the patent system. If they published prior to filing, they were then faced with complicated legal questions. As vividly put by one user: *the current message for users of the system in Europe might be "unpleasant, but it is clear and easy to remember for people not familiar with patent law: if you publish before filing, you will not get a patent. If a grace period is adopted, the message becomes much more complicated: you can publish, but if you do, others may publish similar solutions from which publications you will not be shielded, and others may start to use the invention and will have prior user rights"*. In the end, it was argued that SMEs and academia availing themselves of the grace period would get patents which would not grant them the meaningful protection they might have had if they had filed first.

Also mentioned was the balance of inconvenience caused by the grace period, which was viewed as imposing considerable burdens on the overall innovation community for the sake of helping the *"ignorant and careless"* few - as colourfully put by one user.

To conclude, all things considered, there appears to be movement and a certain openness now in some user circles in Europe vis-à-vis the grace period. However, it should be underlined that the grace period considered by the segment of European users willing to envisage a grace period for the European patent system, would be of the

nature of a safety net, perhaps closer to the current definition in Japan, but differing widely from the definition of the grace period contained in the AIA.

(2) Other EPC countries

a) DK

(Denmark has not yet had the opportunity to ask for input from users.)

b) DE

(Until now no formal user consultation on the issue of the grace period has been carried out. Users of the German patent system are partly identical with those using the EPO-system for which reason it is rather probable to expect identical opinions from both the German patent system's users and the EPO users.)

c) FR

At a stakeholder consultation meeting held in April 2012, FR users were asked for their opinions on grace periods.

As preliminary comments, they indicated that they were open with respect to the introduction of a grace period but questions were raised about the modalities, particularly with respect to the duration and procedures (requirement of declaration).

d) UK

At a stakeholder consultation meeting on 11 June 2012, UK users were asked for their opinions on grace periods. It is worth noting that these users are UK-based but use the patent systems of various countries around the world.

See comments in the UK's section under "2. Current Status of usage of grace period in the Tegernsee member country/region" of Part II. In addition the following points were raised:

- i. Those users present at the meeting took different approaches to publishing inventions and filing patents. Some took the view that business comes first and filing patents second, thereby finding they benefit from the US grace period provisions when prior publication has taken place. Others had education programs designed to ensure that staff knew not to publish until after any patenting decisions had been taken.
- ii. The personal preference of many individual patent attorneys is for absolute legal certainty, and they would therefore prefer to have no grace period. However, broader views are that if there is to be a grace period then it should be one which provides as much legal certainty as possible.
- iii. Some of those present were in favour of the grace period but not the requirement for a declaration on filing. Some saw problems with the requirement for a declaration being abused, and the grace being extended to more than what was originally disclosed. However, others commented

that the requirement for a declaration is important as it makes clear to businesses up front about their need to rely on the grace period. The general feeling was that there is a benefit in requiring a declaration at the time of filing to clearly set out what is relied on as having been graced. A specific point was raised that it would be useful to specifically list certain disclosures, e.g. clinical trials – in this sense some industries may be more interested in a grace period than others.

- iv. Some took the view that to minimise uncertainty to third parties an application that makes use of a graced disclosure should be published as soon as possible, on the basis that the information is already in the public domain. 18 months from the declared disclosure was suggested as being an appropriate timescale for this.
- v. One suggestion was made that it might be helpful to study the filing patterns of British universities, and see how many file only in the US because other jurisdictions lacked a grace period they could make use of. However it has not been possible to conduct this investigation in the timescales involved for this study.

We have separately recently received the below comment from users:

- vi. The existing European grace period for “abusive” disclosures could be improved by (a) having it run from the priority period rather than the filing date (cf. PASSONI/Stand structure [1992] E.P.O.R. 79), and (b) changing the standard from "abusive" to unintentional.

In 2002, the UK IPO conducted a public consultation on grace periods. Most of the respondents were content with the current system in Europe. However if it became necessary to have a grace period, the preferred features for a grace period identified from the responses were:

- No longer than six months in length;
- Only disclosures from the first applicant would be exempted from anticipating the patent through lack of novelty;
- An independent third party disclosure would anticipate a patent application due to novelty, if it is printed before a patent application is filed;
- A patent holder would not be able to prevent a third party from using an invention if he started using it, or made serious preparations to start using it, before the filing date of the application;
- The grace period would still lead to a priority year;
- The applicant would have to declare a reliance on the grace period at the time of filing; and,
- The patent application would be published 18 months from the date of the first disclosure of the invention.

Based on the results of the consultation the above criteria would provide the ideal grace period model. However, it was felt by respondents to the consultation that the following criteria are absolutely essential for a grace period:

- Must still lead to a priority year; and,

- Only disclosures by the first applicant must be excluded from invalidating a patent on lack of novelty.

One of the major concerns of the majority of the respondents was to ensure that the rights of third parties to information are not hindered if a grace period is adopted into the patent system. If a patent application was not published until 18 months after the filing of the application this could lead to a lengthy period of uncertainty for third parties. However, if the application is instead published at 18 months from the date of the first disclosure of the invention this may lead to some applications being published without their search reports. The preference for early publication will need to be balanced against the benefit to the third parties of providing the results of the search report with the published application.

There was some concern expressed by the respondents that a UK-wide grace period would be introduced. This was generally opposed, with the preference being for an international grace period, rather than a regional grace period.

It was very surprising that the majority of respondents from the academic sector were not in favour of the introduction of a grace period. This may be related to the fact that most of the responses from the academic sector were from people employed at Universities to make best use of their institution's IP assets. This indicates that people from the academic sector who actually have experience of using the IP system recognise that there are problems with the use of grace periods and that the introduction of them into the UK patent system may not be as advantageous as has always been claimed.

The consultation document and full summary of the responses received is available at www.ipo.gov.uk/consult-2002-grace.

B. JP

(1) Discussions at on Asian Intellectual Property Conference in Kyoto in 2009

In November 2009, "Asian Intellectual Property Conference in Kyoto" was hosted by Todai Policy Alternatives Research Institute, and 10 Japanese universities and the intellectual property related academic societies from Japan, China and Korea attended the meeting. At the meeting, the recommendations were prepared to be presented at the Trilateral Intellectual Property Symposium.

In the recommendations, it was pointed out that the absence of grace period in Europe had been forcing researchers to choose either delaying publication of their findings from research activities or giving up filing a patent application. It was also pointed out that this situation has been resulting in difference in behaviors of researchers and gap in the development of business utilizing outcomes of research among countries. Therefore, the recommendations stated that, taking into account the situation where open innovation was being accelerated and collaborations between industry and academia were being promoted, the difference in patent systems among the countries could lead directly to gap among the industries, and it concluded that this issue should not be

treated only as one concerning the university but as one having impact on the industry. Finally, the recommendations requested that patent harmonization should be achieved among Japan, the U.S., and Europe at the earliest possible opportunity.

Furthermore, the recommendations were discussed at the Trilateral Intellectual Property Symposium held back-to-back with the said Asian Intellectual Property Conference. In the symposium, the US industry expressed its expectation that grace period would be considered positively based on understanding that grace period could give applicants more options to choose. In the meantime, the European industry pointed out that grace period was estimated negatively since it would increase uncertainty.

(2) Discussions on Patent Amendments in 2011

For the revision of Japanese Patent Law in 2011, the subcommittee on the patent system held meetings 10 times between April 2010 and February 2011, under the Intellectual Property Policy Committee of the Industrial Structure Council. At the subcommittee meetings, the representatives of the industry, SMEs, universities, patent attorneys, and lawyers discussed various issues related to the revision of patent law, where grace period was also discussed several times. The following are the comments made at the meeting.

A subcommittee member agreed to expand the scope of grace period, stating that the grace period was extremely important for researchers in universities who place importance on publication of their findings at academic conferences. Another subcommittee member mentioned that it would be important to enhance usability of grace period for patent applicants, and that while making known the enhanced user-friendliness in filing patent applications for the sake of universities and SMEs, it would be also important to make the public properly know that making inventions disclosed before filing would lead to failure in obtaining a patent in general.

Furthermore, another subcommittee member stated that differences in application of grace period depending on type of media were unfair where media fusion, such as a fusion between TV and the Internet, is advancing and that it would be important to make the grace period simple and easy-to-understand for everyone in the era where information easily crosses national borders and travels globally and spontaneously.

On the other hand, some member pointed out that regarding expanding the scope of grace period, if applicant requested the application of the grace period while intentionally creating the situation that the third party could not gain the knowledge of, where he/she would disclose inventions, it would produce an imbalance in benefits between inventors and the third party. Therefore, the committee member insisted that the government should take the measures to prevent the grace period from being abused when expanding the scope of the grace period.

As the result of consideration based on these comments, the subcommittee came to a conclusion that the scope of grace period should be expanded, while the procedure to make a request with submitting some documents should be maintained.

C. U.S.

For opinions from users in contemplation of enacting the AIA, please see section “C. U.S.” of “1. Changes in Grace Period system in each country/region” under Part II above.

4. Consideration on the Points to be discussed¹⁷

1) Duration of the Grace Period

U.S. mentions that U.S. stakeholders have consistently identified one year as an appropriate duration for the grace period in view of the need to facilitate research collaboration and encourage open dissemination of research results.

JP reports that, when discussing the revision of Japanese Patent Laws, it has been concluded that the duration of grace period should be discussed while ascertaining the trend of international discussions on it and it was thus premature to change the current duration of grace period.

EPO reports that, according to the EPO’s consultation with European users, European users are fairly and evenly divided between 6- and 12-month groups.

It is a difficult question to define the duration of a grace period in order to strike a balance between inventors/applicants and third parties. However, *in any further discussions, the appropriate duration of the grace period would need to be addressed, taking into account the balance between inventors/applicants and third parties.*

Moreover, another important issue is that of the date from which the grace period is to be calculated. With regard to an application claiming priority under the Paris Convention, while the grace period is counted from the actual filing date of the application in JP and Europe, the U.S. has made a change, computing it from the priority date under the AIA. This issue would need to be addressed also in the discussion on appropriate duration of a grace period.

2) Declaration or Prescribed Procedures

JP has adopted a requirement for declaration/prescribed procedures based on the notion that such declaration/prescribed procedures will enhance predictability for third parties by clearly defining prior art which has an impact on the patentability of the claimed

¹⁷ Caveat: This section constitutes a constructive expert discussion of the various elements of the grace period. Nothing in this report should be construed as an endorsement of an international grace period by or on behalf of any European delegations.

invention in the patent application in question. Moreover, according to the result of EPO's consultation with European users, a majority of users in Europe would support the declaration/prescribed procedures as a measure to enhance legal certainty if Europe were to consider moving to a broader definition of a grace period.

On the other hand, the EPO points out that a grace period may make the work of patent offices more complicated and have an impact on the efficiency of examination procedure.

JP believes that details of practice regarding the declaration/prescribed procedure have a close relationship with problem of complexity and efficiency of work or examination processes in the patent offices.

JP believes that the current JPO's practices are neither burdensome nor complex for applicants and *JP is willing to provide more detailed information on the JPO's practices related to declaration/prescribed procedures in the future.*

Moreover, with regard to the issue of declaration/prescribed procedures, it is noted that some UK users see potential problems with the requirement for a declaration being abused, and the grace being extended to more than what was originally disclosed.

It might be useful to carry out a detailed comparative analysis on practices related to declaration/prescribed procedures in each country/region, and we also might have to deepen the discussions on whether or not declaration/prescribed procedures should be required, and if so, what kind of procedure would be appropriate.

3) Types of Disclosures covered by Grace Period

The U.S patent system in the past has not limited the scope of disclosures covered by the grace period and this will not change under the AIA. In JP, while its patent system limited the scope of grace period in the past, it has gradually expanded the scope to meet user needs and to respond to changes in the environment surrounding the patent system, and finally abolished such a limitation on the scope through the revision of Japan Patent Law in 2011.

The U.S. reports that the input received from stakeholders indicates that the grace period in the United States gained widespread support among universities, public research institutions, small entities, independent inventors, industry and the legal community. In JP also, as far as judging from the result of questionnaire conducted by the JPO, it can be said the grace period with the expanded scope gains widespread support from the universities, the SMEs and the large companies. According to the result of questionnaire, while a certain portion of users answering that it is premature to evaluate the revision of Japan Patent Law in 2011 on the grace period, other than these including most of universities, SMEs and large companies support the revision of Japan Patent Law on the grace period.

In contrast to these situations in U.S. and JP, the types of disclosures covered by the

grace period are limited in Europe. And it is reported, according to the result of recent European user consultation by the EPO, that European users were divided in three groups: those supporting the grace period in principle, those decidedly against it and those who remained non-committal.

Moreover, DE mentions some reports from certain industries suggesting that their specific products needed testing before the filing of the embodied technology as a patent and they needed a grace period for such disclosures. As a result of the U.K. stakeholder consultation meeting, U.K. explains that some users benefit from the US grace period provisions when prior publication has taken place while many individual patent attorneys are for absolute legal certainty and would prefer to have no grace period. FR also introduces that French users indicated at a stakeholder consultation meeting that they were open with respect to the introduction of a grace period but some problems were raised about duration and procedures.

As seen from the above, various opinions can be seen among European users and there is no consensus on the desirability or not of adopting of a broader grace period. The EPO summarizes the results of its consultation with European users that there appears to be movement and certain openness now in some user circle in Europe vis-à-vis the grace period as a safety net.

(Different Perspectives of users, Especially those of university and SME)

As comments made by prominent figures in the course of discussions and hearing on the AIA, U.S. introduced the notion that a generous grace period is an important system to protect invention of universities and SMEs. For examples, Senator Hatch stated that small inventors and others will not accidentally create a patent-defeating bar by their pre-filing actions. Moreover, a representative of University California suggested that university research is operated in an open environment where dissemination and sharing of research results is encouraged and also stated that it could result in the loss of patent protection for their invention if a first-inventor-to-file system is not adequately mitigated with an effective grace period.

The similar way of thinking also existed as the background of the revision of Japan Patent Law in 2011. In JP, there has been a strong demand for the expansion of scope of grace period by universities and SMEs in the past. JP explains that the Japan Patent Law was revised in 2011 based on the view that it is important to enhance user-friendliness for those who are not familiar with the patent system in order to expand the range of players for creation of innovations and to facilitate industry-university collaboration, taking into account the diversification of R&D activities along with the advancement of open innovation.

When considering these merits of the grace period for the universities and SMEs, the influence which the revision of Japan Patent Law has brought might be a reference to be considered. The statistical survey by the JPO shows that the number of applications invoking the grace period in term from April to June 2012 has increased 1.7 times in comparison to the same term of 2011 and the number of those made by the universities and SMEs has increased. Especially, the number of requests made by SMEs has

increased 4 times. However, this statistical survey is based only on 3-month data and a longer term monitoring will be required for evaluation.

Moreover, with regards to the perspective of universities and SMEs, in the section on the policy background of the EPC, the EPO reports that there is a suggestion that too little may be known about the needs of SMEs in Europe on the grace period issue. It would be useful to achieve a greater understanding of such user needs in the future.

Of course, we should not talk about only from the perspectives of the university and SME and the perspective of the large company is also important when discussing the grace period. According to the result of questionnaire conducted by the JPO, even the large companies, which are confident in ensuring appropriate management for patent applications and publication of their inventions, are in favor of generous grace period because they cannot always do such a management perfectly without any mistakes.

(Other Merits and Demerits)

As already discussed above, the grace period has the merit of facilitating the protection of inventions made by universities and SMEs etc. as well as acting as a safety net. In addition to these advantages, the U.S. suggests that the grace period is a measure to facilitate early dissemination of research results and to promote technology transfer. For example, it introduces findings by the National Research Council of the National Academies, stating that the grace period provision encourages early disclosure and is especially beneficial for dissemination of academic research and that the idea of a grace period is likely to become more widely accepted because other countries try to accelerate the transfer of technology through patents and licensing.

On the other hands, the drawbacks of the grace period pointed out by European users include: i) legal uncertainty, ii) complexity and iii) educational problems.

It is explained that the grace period creates legal uncertainty for third parties, which may find it difficult to ascertain the state of the art in regard to the application or patent if pre-filing publications which would be novelty-destroying are later found to be graced.

It is suggested that a grace period also makes the work of patent offices more complicated. Where a grace period exists, several issues may arise, such as the origin of the disclosure, or whether the invention thus disclosed is the same with that claimed in the subsequent application, and the clarification of these issues may require additional office actions.

Should these issues of legal certainty and complexity which the grace period might bring be considered further, as mentioned in the section (2), it would be helpful to conduct a more in depth analysis on each country's/region's practices related to declaration/prescribed procedure.

With regard to the educational problem, one argument stemming from European users is

relevant: the message "Do not publish prior to filing," is simpler to impart than that of the function of the grace period. Similar opinions can be seen among the answers to the questionnaire conducted by the JPO. Some Japanese universities also pointed out that the broad grace period might have a negative impact on IP mind of researchers. Simultaneously, other universities pointed out that use of grace period might bring an inventor/applicant a risk of his/her idea being stolen by other person.

Although a grace period without a limit of scope might be a user-friendly system for users unfamiliar with patent systems, it has the potential to have a negative impact if it is not correctly explained.

(Future Discussion)

It is suggested that the appropriate scope of grace period is a matter warranting further discussion. *It might be useful to continue to deepen a discussion on appropriate scope of the grace period, taking into account of various opinions from users and experiences in each country/region.*

4) How to deal with disclosure of an invention made independently by the third party

In the EP and JP patent systems, (as well as throughout the discussions on the draft SPLT), a third party's intervening disclosure of an invention which was made independently by a third party is not considered to be covered by a grace period. In U.S. system under the AIA, a third party's intervening disclosure may be deemed not to prejudice an applicant's entitlement to a patent.

To illuminate the policy considerations underlying this issue, the USPTO cites statements made by Senator Leahy stating that "[t]his is an important protection ... that will benefit independent and university inventors in particular." On the other hand, it is reported that, according to the EPO's the consultation, European users stated that only the disclosure of the applicant's invention should be graced.

This feature of the grace period under the AIA appears to represent a new approach to how a grace period should function in a first-to-file system. *It would be interesting to observe how the US system will develop in this regard.*

5. Conclusion and Next Step

Thanks to active contributions made by Tegernsee Experts in each office, we were able to collect and organize useful information on the legal systems, their policy backgrounds, the status of usage of grace periods, and users' comments in each country/region pertaining to the grace period through this study.

It is suggested that further study on various points including "duration", "declaration/prescribed procedures" and "scope" of the grace period might be useful,

including:

- Analysis of practices regarding declaration/prescribed procedures in each country/region
- Statistical survey on the effect of the revision of Japan Patent Law (much longer term survey: for example, one year)
- Gain a better understanding of the needs of each user sector (especially universities and SMEs) in each country/region

Moreover, with a view to providing a useful material to facilitate future policy discussions for harmonization and discussions among users, it is suggested that it might be helpful to catalogue the advantages and disadvantages of possible options for the grace period based on findings obtained throughout this study.

Taking into account these suggestions, the Tegernsee Heads should consider whether to mandate the Tegernsee Experts Group to carry out further studies.

[End of Text]

1. Grace Period in other countries than Tegernsee members

When discussing harmonization, it is useful to know how grace period is implemented in other countries than the Tegernsee member countries/region. The following are brief explanation of grace period system in some of other countries. For further detail, a compilation of provisions in patent laws is listed in “**2. Compilation of provisions concerning grace period**” below.

A. Australia

Duration: 12 Months (Computed From: Filing Date)

Declaration or other procedure: Required only in case of exhibition

Type of disclosure/publication:

- Any type of disclosure by or with the consent of nominated person or patentee
- Disclosure without the consent of the nominated person or patentee

B. Brazil

Duration: 12 Months (Computed From: Filing Date or Priority Date)

Declaration or other procedure: Not always required (INPI may require)

Type of disclosure/publication:

- Any type of disclosure by the inventor
- Official publication of the patent application by the INPI without the consent of the applicant
- Disclosure by the third party without the consent of the applicant

C. Canada

Duration: 12 Months (Computed From: Filing Date)

Declaration or other procedure: Not Required

Type of disclosure/publication:

- Any type of disclosure by applicant
- Disclosure by a person who obtained knowledge, directly or indirectly, from the applicant

D. China

Duration: 6 Months (Computed From: Filing Date or Priority Date)

Declaration or other procedure: Required

Type of disclosure/publication:

- International Exhibition, prescribed Academic or Technological Meeting
- Disclosure by any person without the consent of the applicant

E. India

Duration: 12 Months (Computed From: Filing Date)

(In case of Public Working, computed from priority date)

Declaration or other procedure: ??

Type of disclosure/publication:

- Exhibition which government noticed,
- Description read or Publication at learned
- Public Working
- Disclosure by any person without the consent of the applicant

F. Republic of Korea

Duration: 12 Months (Computed From: Filing Date)

Declaration or other procedure: Required

Type of disclosure/publication:

- Any type of publication by a person with the right
- Publication against the intention of a person with the right

G. Russia

Duration: 6 Months (Computed From: Filing Date)

Declaration or other procedure: Not Required

Type of disclosure/publication:

- Any type of disclosure by an inventor, applicant, or person having received information directly or indirectly from them

2. Compilation of provisions concerning grace period

A. Australia

Article 24 of the Australian Patent Act

Validity not affected by certain publication or use

- (1) For the purpose of deciding whether an invention is novel or involves an inventive step or an innovative step, the person making the decision must disregard:
 - (a) any information made publicly available, through any publication or use of the invention in the prescribed circumstances, by or with the consent of the nominated person or patentee, or the predecessor in title of the nominated person or patentee; and
 - (b) any information made publicly available without the consent of the nominated person or patentee, through any publication or use of the invention by another person who derived the information from the nominated person or patentee or from the predecessor in title of the nominated person or patentee;but only if a patent application for the invention is made within the prescribed period.
- (2) For the purpose of deciding whether an invention is novel or involves an inventive step or an innovative step, the person making the decision must disregard:
 - (a) any information given by, or with the consent of, the nominated person or the patentee, or his or her predecessor in title, to any of the following, but to no other person or organisation:
 - (i) the Commonwealth or a State or Territory, or an authority of the Commonwealth or a State or Territory;

- (ii) a person authorised by the Commonwealth or a State or Territory to investigate the invention; and
- (b) anything done for the purpose of an investigation mentioned in subparagraph (a)(ii).

B. Brazil

Article 12 of the Brazilian Industrial Property Law

The disclosure of an invention or utility model shall not be considered to be state of the art if it occurred during the 12 (twelve) months preceding the date of filing or of priority of the patent application, if made:

- I. by the inventor;
- II. by the Instituto Nacional da Propriedade Industrial—INPI (National Institute of Industrial Property), by means of official publication of the patent application filed without the consent of the inventor, based on information obtained from him or as a consequence of actions taken by him; or
- III. by third parties, based on information obtained directly or indirectly from the inventor or as a consequence of actions taken by him.

Sole Paragraph. The INPI may require from the inventor a statement related to the disclosure, accompanied or not by proofs, under the conditions established in regulations.

C. Canada

Article 28.2 of Canadian Patent Act

- (1) The subject-matter defined by a claim in an application for a patent in Canada (the “pending application”) must not have been disclosed
 - (a) more than one year before the filing date by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant, in such a manner that the subject-matter became available to the public in Canada or elsewhere;

D. China

Article 24 of the Chinese Patent Law

An invention-creation for which a patent is applied for does not lose its novelty where, within six months before the date of filing, one of the following events occurred:

- (1) where it was first exhibited at an international exhibition sponsored or recognized by the Chinese Government;
- (2) where it was first made public at a prescribed academic or technological meeting;
- (3) where it was disclosed by any person without the consent of the applicant.

E. India

Article 31 and 32 of the Indian Patent Law

31. Anticipation by public display, etc.

An invention claimed in a complete specification shall not be deemed to have been anticipated by reason only of -

- (a) the display of the invention with the consent of the true and first inventor or a person deriving title from him at an industrial or other exhibition to which the provisions of this section have been extended by the Central Government by notification in the Official Gazette, or the use thereof with his consent for the purpose of such an exhibition in the place where it is held; or
- (b) the publication of any description of the invention in consequence of the display or use of the invention at any such exhibition as aforesaid; or
- (c) the use of the invention, after it has been displayed or used at any such exhibition as aforesaid and during the period of the exhibition, by any person without the consent of the true and first inventor or a person deriving title from him; or
- (d) the description of the invention in a paper read by the true and first inventor before a learned society or published with his consent in the transactions of such a society,

if the application for the patent is made by the true and first inventor or a person deriving title from him not later than twelve months after the opening of the exhibition or the reading or publication of the paper, as the case may be.

32. Anticipation by public working.

An invention claimed in a complete specification shall not be deemed to have been anticipated by reason only that at any time within one year before the priority date of the relevant claim of the specification, the invention was publicly worked in India -

- (a) by the patentee or applicant for the patent or any person from whom he derives title; or
- (b) by any other person with the consent of the patentee or applicant for the patent or any person for whom he derives title,

if the working was effected for the purpose of reasonable trial only and if it was reasonably necessary, having regard to the nature of the invention, that the working for that purpose should be effected in public.

F. Republic of Korea

Article 30 of Korean Patent Law (Before May 15 2012)

Article 30 (Inventions Not Considered to be Publicly Known etc.)

- (1) Where a person who has a right to obtain a patent files a patent application for an invention within six months of date on which the invention falls under any of the following subparagraphs, the invention is considered not to fall under any of the subparagraphs of Article 29(1) when Article 29(1) or (2) applies to the invention; however, this provision shall not apply where the patent application is laid open or the patent registration is published in the Republic of Korea or a foreign country under a

treaty or law:

- (i) when a person with the right to obtain a patent causes the invention to fall under either subparagraph of Article 29(1); However, this provision shall not apply where a patent application is laid open or a patent registration is published in the Republic of Korea or a foreign country under a treaty or law.
 - (ii) when, against the intention of a person with the right to obtain a patent, the invention falls under either subparagraph of Article 29(1).
- (2) A person who intends to take advantage of paragraph (1)(i) shall submit a written statement of that intention to the Commissioner of the Korean Intellectual Property Office when filing a patent application; the person shall also submit a document proving the relevant facts to the Commissioner of the Korean Intellectual Property Office, within thirty days of the filing date of the patent application.

G. Russia

Par.3 of Art.1350 of the Russian Civil Code

Disclosure of information relating to an invention by the author of the invention, applicant, or other person having received this information directly or indirectly from them, that made information on the essence of the invention public shall not be a circumstance precluding the recognition of the patentability of the invention if a patent application for the invention has been filed with the federal executive authority for intellectual property within six months from the date of disclosure of the information. The burden of proof that the circumstances have taken place by virtue of which the disclosure of information does not prevent the recognition of the patentability of the invention shall be on the applicant.

[End of *Appendix A*]