



Advancing Industry's View On Intellectual Property Since 1920

Commission Green Paper - European Research Area : New Perspectives

TMPDF response to Commission questionnaire

Most of the green paper and questionnaire concern matters that are not within the Federation's fields of responsibility. However, questions INF 3 concerning the ownership of intellectual property generated by research institutions but financed by industry and KSH 10 concerning grace period and other possible matters to be covered under European patent law are of particular concern to the Federation and are commented on below. Related comments on questions KSH 5 and INT 5 are also made.

Question INF 3

Question INF 3 asks, among other matters, whether a legal framework or guidelines should cover the ownership of intellectual property (IP) generated in public research institutions.

Our understanding is that rules concerning ownership of IP normally exist in academic and other research institutions for publicly funded research. The rules in different institutions doubtless reflect particular circumstances. Except where they might conflict with the points made below concerning research funded by industrial companies, we see no reason to interfere with them.

As regards cooperation between industrial companies and research institutions, we consider that in principle, the ownership of any resulting IP should lie with the company or organisation that commissions and pays for the work that leads to the IP. However, it should be a matter for the parties involved to consider IP ownership in the agreement which commissions the work. The status of 'unexpected' IP that is not a direct consequence of the work commissioned may need particular attention.

An agreement concerning IP ownership will be especially important where the costs of the work are shared. Co-ownership may be appropriate in such cases, but can lead to difficulties in relation to later use, development or licensing. Whether the parties must always act jointly or can on occasion act severally may be difficult to resolve.

As regards any possible Community action to set the framework for collaboration between industry and research institutions, matters concerning ownership should be covered at most by the lightest of guidelines, not by legislation. While it is reasonable that guidelines might point out that the subject of ownership of any IP resulting from commissioned work should be covered in the agreement between the parties involved, and might possibly point out the difficulties that can arise from different ownership arrangements, the guidelines should not be framed in such a way as to prejudice the question of who will be the IP owner or owners in any individual situation.

It has to be emphasised that where an industrial company is providing the funds for work by a research institution, the overall agreement including the question of ownership must be satisfactory to the company, otherwise the funds will not be forthcoming. The legal framework or guidelines should not in any way interfere with the freedom of those involved to reach an agreement that suits the circumstances.

If European industrial companies cannot establish satisfactory agreements with public sector research institutions in the European Union, including access to the IP rights generated as a result of the funds they provide, then they will go elsewhere. There is a global market and capacity in research services. There are already signs that companies are outsourcing research and development work to countries such as India and China. If our companies reduce their involvement with European public sector research institutions and

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go elsewhere, this will be detrimental in the longer term to the European science base and to the education and training of high quality European scientists.

Question KSH 5

Question KSH 5 asks about the principles that should be included in a European framework to promote knowledge transfer between research institutions and industry.

We agree that research institutions should have a clear knowledge transfer policy and systems to manage IP. They should also promote understanding of IP within the institutions. However, as explained above, the knowledge transfer policy should not seek to preclude the ownership of IP by industrial companies that commission and pay for particular research. Indeed, it should be expected that companies will own the IP in such circumstances.

Question KSH 10

Question KSH 10 includes the following propositions:

A "Grace period" should be introduced in European Patent Law

Common rules are required for the definition and application of the following concepts

- (a) joint ownership*
- (b) the 'research exception'*
- (c) prior use rights*

Grace Period

The Federation is opposed to the introduction of a grace period.

Firstly, a grace period will add significantly to the period of uncertainty about whether information in a public disclosure (printed or oral, e.g., lecture) can be used. At present, competitors can assume that a disclosure on which a patent application is to be based will only be made after the patent application has been filed. The uncertainty period should thus be 18 months at the most, after which the published patent application will make clear what will be protected. A grace period of e.g. 12 months in advance of patent filing will add greatly to the uncertainty period, which would then be up to 30 months. This will have a chilling effect on competitive research and development effort. The longer uncertainty period will mean either significantly more wasted research by competitors, at considerably greater expense, than at present or a slow down in research effort.

Secondly, a grace period is likely to encourage more complex and protracted litigation, along the lines of US interference actions, concerning the sources of information in parallel applications by different parties (who did what and when). Patent applications by others made during the grace period will be challenged on the basis that information in them was (allegedly) "derived" from a graced publication.

Thirdly, the grace period will cause the patent system to develop as a "first to publish" system. There will be a rush to disclose information that relates to something that might be patented to pre-empt competitors, even though the published information reveals little about the protection that might eventually be sought. Subsequently, rights of some form (e.g. to prevent use by others, even though the information has been in the public domain without a patent having been applied for or the rights defined) will be alleged to date from the graced publication.

The Federation considers that it is well known among the research community that information relating to an invention that might be the subject of a patent application should not be publicly disclosed in advance of the application. Most universities and other research organisations have policies in place to protect the intellectual property that they generate. The introduction of a short intellectual property module into all science and technology courses would help to ensure that future researchers are properly informed.

Grace period - safeguards

The Federation appreciates that there is a strong lobby, not least from the United States, in favour of a grace period. If this lobby wins the day against the strong arguments above, there must be clear safeguards to ensure that the grace period is only invoked as a safety net to protect against inadvertent premature disclosure, rather than being routinely relied upon.

Such safeguards should include:

The grace period should be short, not more than six months;

The grace period should run in front of the patent application filing date, not the priority date. This would align with other non prejudicial disclosure covered by EPC article 55. International filing would still be straightforward under the PCT.

Prior user rights should be available to those who, before the filing date of the relevant patent application, prepare to use information in a disclosure that eventually benefits from being graced. These rights should not depend on so called "good faith".

The onus of proof to establish i) that a particular disclosure should be graced and ii) that a competitor's application has been derived from that disclosure must fall on the party claiming grace. It should not be enough to allege derivation on the basis that a competitor's patent application contains information similar to that in the disclosure to be graced.

The relevant patent application should contain a declaration identifying the earliest disclosure to benefit from grace known to the applicant.

It would be preferable to provide for publication of patent applications 18 months from this earliest known disclosure.

Common rules

We agree that in the European context (e.g., where a European patent is sought), common rules on 'joint' (or co-) ownership, prior user rights and the research exception should be established. As regards co-ownership, we emphasise that the rules should be concerned with the consequences of ownership (e.g., whether co-owners might act severally rather than jointly in certain circumstances), not with whether it is desirable in cooperative agreements. (For a discussion of this, see the reply to question INF 3 above.) As regards prior user rights, these should be mandatory in relation to the grace period (see above).

However we counsel against pursuing harmonisation for its own sake. The aims and results of harmonisation should be acceptable to industry. At the international level, this means not twisting the IP system towards an unacceptable compromise with the very different system that exists in the United States. At the European level, this means not forcing upon industry an unacceptable system, in terms of expense and jurisdictional problems, in the name of political compromise.

The Federation would be happy to discuss these matters at greater length with the Commission.

Question INT 5

This question is concerned with making bilateral S & T agreements more effective.

While we do not choose to rank the addressing of IP issues or any of the other issues highlighted in the question in a particular order of importance, we emphasise that it is important to consider IP issues in such agreements. Failure to do so will often cause serious problems later.

TMPDF

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NOTE: TMPDF represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. This paper represents the views of the innovative and influential companies which are members of this well-established trade association; see list of members below.