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GRACE PERIOD : TMPDF full position paper

I Introduction

1. The TMPDF position on grace period was set out in its response to the UK Patent Office Consultation on Grace Period, submitted in April 2002 (TMPDF paper C/50/02). It has since been repeated in other circles. The main points will be recalled in section II below.
2. TMPDF members are basically opposed to a pre-filing grace period, because of the added uncertainties and the potential for difficult litigation for 3rd parties to which it would give rise. However, a grace period provision containing or linked to adequate safeguards for 3rd parties could be accepted as part of an international treaty including a mandatory provision on "first to file" (such that the right to the patent on a given invention would belong to the first inventor - or successor in title - to apply for a patent for that invention), to which the United States is a party.
3. It is an essential feature of the TMPDF position that a voluntary pre-filing disclosure of the invention by the applicant or his legal predecessor (the inventor) should not be treated more favourably than a disclosure resulting from an abuse in relation to the applicant, such as theft, breach of confidence or erroneous publication by a patent office. Any treaty provision should therefore be based on an appropriate expansion of EPC Article 55 concerning non-prejudicial disclosures. (UK Patents Act 1977 section 2(4) is similar to EPC Article 55.). Under such an expanded EPC Article 55, the grace period would precede the filing date, not the priority date, as under the present Article 55.
4. Grace period discussions in international circles have for many years been based on article 12 of the Basic Proposal PLT/DC/3 considered by the 1991 diplomatic conference for the conclusion of a treaty supplementing the Paris Convention as far as patents are concerned (the SPLT as envisaged in 1991). This conference failed. The Basic Proposal suggested a 12-month grace period preceding the priority date. There were few safeguards and those that were included were controversial.
5. It has been argued that it is too late to change the approach in the Basic Proposal. TMPDF rejects this argument. So far, insufficient attention has been given to the problems that would be caused for 3rd parties by the Basic Proposal provision. Some of these problems are discussed in section III below. A suitable provision should be designed to ensure that a grace period will be invoked only as a safety net, not as a routine filing practice, and to ensure that the patent system does not enable prior rights of some sort to be established on the basis of "first to publish" rather than "first to file". A new approach is needed.

II Main points in the TMPDF position

- Grace period should only be considered in the context of an international treaty including "first to file", to which the United States will be a party;
- In this context, a grace period that provides a safety net against inadvertent premature disclosure by the inventor would be acceptable. Provisions which would encourage routine reliance on the grace period and lead to the patent system becoming a "first to publish" system, in which a graced disclosure establishes some form of prior right against 3rd parties, would be wholly unacceptable;

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- The grace period should be up to six months, in alignment with the general provision concerning non-prejudicial disclosures in the European Patent Convention, Article 55. The period should precede only the filing date, NOT the priority date, as in EPC Article 55;
- Disclosures of the invention by the applicant or legal predecessor (the inventor) and by others who obtained their information directly from the applicant or predecessor or from a disclosure by the applicant or predecessor would be graced.
- In the event of dispute about how information in a third party disclosure has been obtained, the onus must be on the applicant claiming the grace period to show that the information was obtained from the applicant or predecessor;
- A claim to the benefit of the grace period should be made at the time of filing the patent application, citing the date of the earliest disclosure to be graced, known to the applicant. Details of all publications and other disclosures to be graced, known to the applicant or of which he should reasonably be aware (e.g., because published by the inventor), including publication dates, should be supplied within a prescribed period thereafter.
- The application should be published 18 months from the earliest disclosure to be graced, unless of course the application also claims priority from an earlier foreign filing;
- Prior user rights MUST be provided to anyone who uses or makes preparations to use the invention prior to the filing date (where there is no relevant priority date). The grace date must not define the cut off for prior user rights. Moreover, the rights should not be circumscribed by considerations of "good faith" in relation to the graced disclosure.

III Discussion

6. The Federation opposes the grace period in principle because it will adversely affect 3rd parties. There will be increased uncertainty and the potential for difficult litigation.

7. Uncertainty arises from not knowing whether something in the public domain may be the subject of a patent application in the future. At present, the maximum period of uncertainty (in the EP and UK systems) is 18 months - the time between a patent application and its publication, during which time the subject matter of the application might appear in the public domain. The length of the grace period, as formulated in the Basic Proposal mentioned above, has to be added to this 18-month period. Even a short grace period will be very costly for some, as research and development during the period must be put on hold or risk being wasted.

8. The risk of difficult litigation exists because applicants for patents will claim that any damaging 3rd party disclosure in the grace period was obtained from the applicant or predecessor, leading to complex argument about who did what and when. The simplicity and elegance of the first to file system will be damaged by importing into it features of the US "first to invent" system, and particularly of the horrifyingly expensive interference actions under that system.

9. Another serious risk from the introduction of a grace period as proposed in the Basic Proposal is that it will cause the patent system to degenerate into a "first to publish" system, where inventors rush to get into print with disclosures that are not necessarily enabling and do not clearly indicate what the invention is, in order to prevent others from using or patenting the invention, while still retaining their own right to apply for a patent. To avoid this it is essential that any 3rd party use of the invention or preparation to use it that occurs before the filing date, even if started within the grace period, should automatically benefit from prior user rights (unless of course there is an earlier relevant priority date). These rights should not be subject to argument about the "good faith" or otherwise of the 3rd party. A disclosure in the public domain in relation to which no patent application has been made should be considered as being available.

10. Moreover, the graced disclosure must not establish priority in the sense that the inventor's graced application would be considered to precede another application in the same field having an earlier filing date but filed later than the graced disclosure. Clearly, for such an application to mature into a valid patent, it must be inventive relative to the graced disclosure, but if precedence

were to be given to the later graced application, then a license would be required to work the invention of the earlier application. We do not accept that this should be so (see also paragraph 16 below).

11. To safeguard 3rd parties from allegations of obtaining, the onus must always fall on the applicant to show why an earlier disclosure should be graced. A 3rd party should not have to prove that his own publications and/or patent applications, or the publications of others not connected with the applicant claiming the benefit of grace, were not derived from a graced publication, except in the face of strong evidence to the contrary. This may seem obvious, but in many jurisdictions the onus could fall on 3rd parties to disprove unsupported allegations by the applicant of obtaining.

12. There should also be a declaration in the application that the benefit of a grace period is claimed, with the earliest grace date, and the details of any relevant publications or other disclosures known to the applicant that are to be graced should be provided within a prescribed period. This will assist 3rd parties when making their own assessments and checks, and provide the base date for publication of the application.

13. To avoid additional delay and uncertainty for others affected by an application claiming the benefit of a grace period, and where there is no earlier priority date, publication of the application should be 18 months after the claimed grace date, rather than the filing date.

14. The grace period should be a safety net to protect against inadvertent disclosure and should not be invoked routinely as part of the patent filing strategy. To discourage claims to the grace period being made routinely, rather than in emergency, the grace period should only precede the actual filing date, NOT the priority date, in line with the provisions applying in EPC Article 55 to other non-prejudicial disclosures, particularly those resulting from an abuse. If grace is invoked, then the applicant should make any subsequent foreign filings within the grace period (on the assumption that the countries involved also accept the same form of grace period), and should not rely on the priority period of the Paris Convention. Alternatively, a first filing could be made under the PCT (on the assumption that the Treaty will be adjusted to allow for the same form of grace period), to avoid the pressure to produce translations rapidly.

15. If the grace period were to precede any foreign priority application, then problems would arise in relation to material disclosed in the graced publication but not included in the priority application. If the material were to be included in the later application claiming priority, it should not be graced, because it was published say 18 months before the patent application with which it should be linked. No doubt it will be argued that it should be graced, thus lengthening the grace period independently of the priority application. (This proposition is unacceptable.) On the other hand, a grace period preceding only the actual filing date will help in "partial priority" situations such as that dealt with in EPO Decision G03/93, since the benefit of grace could be claimed for additional matter that did not appear in the priority application but was published after it.

16. The benefit of the grace period should only be in relation to disclosures by the inventor or successor in title, or by a 3rd party who obtained the information disclosed directly from the inventor or directly from material disclosed by the inventor. An argument by the applicant that information was "indirectly" obtained, when it is different from that provided by the inventor, e.g., as in disclosures appearing to be about similar inventions, but in different or improved forms, should not be acceptable unless proved. The (first) inventor must in our view bear the risk that information that he/she makes public and for which no patent application has been filed might be used by a 3rd party as a basis for development work. If the 3rd party files a patent application for this work ahead of the first inventor, then the 3rd party application takes precedence (see also paragraph 10 above).

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Note: TMPDF represents the views of UK industry in matters concerning intellectual property. It has close links with the CBI. Its members include many of the major innovative UK companies, which are represented at meetings of the governing Council and Committees of the Federation by their professional IP managers. Before the Federation takes a position on any issue, official consultation documents and other relevant papers are submitted to the members for debate and dialogue. An appropriate Committee and/or the Council, depending on the issue, then determines the position, taking account of comments.

The published views/opinions/submissions of the Federation are normally approved by consensus. In cases where there is a substantial majority view falling short of consensus, any significant disagreement will be indicated.