

**INTERNATIONAL
INTELLECTUAL
PROPERTY LAW
& POLICY —
Volume 4**

Edited by
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Juris Publishing Inc.

Chapter 31

A GRACE PERIOD AND EUROPEAN PATENT LAW: IT'S TIME FOR A CHANGE

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1. INTRODUCTION

On October 5, 1998 the European Commission organized a hearing on whether a grace period should be incorporated into European patent law.¹ Apparently the principal basis for opposing a grace period is that it would create uncertainty in that those studying disclosures within the grace period could not readily tell whether they were derived from the inventor. I argue in this paper that the United States has lived with a similar uncertainty for many years and has not suffered any identifiable harm from it. Moreover, an analysis of United States patent law shows that the addition of a grace period will aid in patent law harmonization. To understand these ideas it is helpful to describe how first-to-invent and first-to-file rules for priority impact rules for defining what is prior art. This will show that the United States does not have a grace period in the sense proposed for Europe. Indeed, a first-to-invent theory of prior art has no need for a grace period since material derived from the inventor cannot be prior art.

2. FIRST-TO-FILE VS. FIRST-TO-INVENT (PRIORITY)

All patent systems have to answer two fundamental questions: (1) what is the definition of prior art for purposes of anticipation and/or obviousness (inventive step)(the prior art question); and (2) how to choose between two or more applications that meet the defined conditions for patentability (the priority question). The answers to these questions are generally related, but not necessarily in any simple way.

The two basic approaches for the resolution of priority are first-to-file and first-to-invent. The first simply focuses on the filing dates of the applications that supports the disputed claims. In essence, such systems implicitly assume that the

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¹ A report of this hearing may be found in AIPPI Yearbook 1998/VIII at 530-541.

invention date is the Paris Convention date.² A first-to-invent patent system disregards the filing date and focuses on other events resulting from how the notion of invention is defined in law. The possible rules for defining when an invention takes place are many.³ Two specific first-to-invent systems are the former Canadian patent system⁴ and the patent system in use in the United States.⁵

3. FIRST-TO-FILE VS. FIRST-TO-INVENT (PRIOR ART)

A second key question for any patent system is how to define prior art. A first-to-file system usually focuses on information that is available to the public as of the Paris Convention filing date. The theory is that essentially one is entitled to a patent if one adds to what is otherwise available to the public as of the filing date. Of course, some first-to-file definitions of prior art may not be universal and prior art derived from the inventor may be excused for a limited period (the grace period).

There are two forms that a first-to-invent prior art system can take. All such systems must determine the invention date and measure prior art from that date. Thus, knowledge available to the public prior to the invention date is prior art. In the absence of §§ 102 (e) and (g), this would be the law in the United States under § 102 (a) except for the territorial limitation on "known or used." Another form of first-to-invent prior art system would simply say that anything invented first is prior art using the same definitions as are used by the priority system. For example, Canada used a pure first-to-invent system for defining prior art. It included as a minimum any invention known or used anywhere in the world prior to the invention

² First-to-file systems can employ various subsidiary rules such as the "prior claim" and the "whole contents" rules, but the focus is either on the Paris filing date of the application that first taught the claimed invention (whole contents) or the effective filing date of the application that first disclosed and claimed the claimed invention (prior claim).

³ The United States uses a complex set of concepts to determine the invention date including conception, diligence and reduction to practice. Canada used in its first-to-invent system the concept of a conception sufficient to enable one skilled in the art to carry out the invention. As an aside, the Supreme Court in *Pfaff v. Wells Electronics, Inc.*, 119 S.Ct. 304, 48 U.S.P.Q.2d 1641 (1998), recently adopted the Canadian rather than the American definition at least for purposes of § 102 (b). See 1 MARTIN J. ADELMAN, PATENT LAW PERSPECTIVES, § 2.3[7.-2] at n.92.

⁴ To the extent that applications under the first-to-invent system are now patents, the system lives on today.

⁵ The Canadian priority rule is relatively simple to administer and does not unduly favor the wealthy because poor men and rich men have essentially equal access to words. The priority rules in the United States developed differently probably because of the American focus on actually building devices. Thus, an invention is not completed until there has been a reduction to practice. Whatever the merits of this idea, it puts a premium on the resources that an inventor has at his disposal. The American answer to the question of how both to emphasize actualization while not unduly advantaging wealthier inventors was to invent the concept of diligence. Thus, if one conceives first and is diligent from before the other inventor's conception to his own reduction to practice, one is the first inventor. Of course, this raises the whole question of what is diligence, but at least in theory so long as a poor inventor is diligent, he will win. Moreover, the law probably without much thought then moved away from the fundamental theory of requiring an inventor to actually build something, by permitting a poor inventor to get credit for a reduction to practice by filing a patent application that discloses his invention without actually producing a physical embodiment of the invention, the constructive reduction to practice doctrine. See n.3, *supra*.

date of the patentee whether secret or public so long as any secret prior invention ultimately became available to the public or the subject of a patent application.⁶

Regardless of the type of system used, there are two important defects that result from using a first-to-invent theory to define prior art. First, there is no incentive to encourage early filing because there is no penalty for desultory filing of a patent application covering the invention. Second, it is impossible to advise a client as to what is and what is not prior art since what is prior art depends completely on when the patentee made his invention, a date that is not knowable to third parties in the absence of litigation. This latter defect cannot be solved by any quick fix to a first-to-invent prior art system. However, the delayed application defect is easy to fix by giving the inventor only a specified period to file after completing the invention. Once again this was the Canadian approach. In the United States, but not in Canada, what began as a simple provision requiring patent filing two years after certain acts occurred has become a broad prior art provision. The last step in this process was the judicial elevation of § 102 (b) to a prior art provision in 1965.⁷ Section 102 (b) solves the problem of indeterminate prior art that would otherwise exist in the United States system because publications occurring more than one year before the actual filing date in the United States⁸ are prior art regardless of the invention date. In effect, without reference to the invention date, much but not all knowledge that is available to the public more than one year before the filing date is prior art in the United States.⁹ Therefore, when analyzing whether a technical teaching is prior art, it is often only necessary to know both the United States filing date and the publication date. If the publication date is more than one year before the actual filing date, it is prior art. Thus, this provision has the same certainty attached to it as does a first-to-file prior art system without a grace period. Therefore, I believe it appropriate to label § 102 (b) as a first-to-file prior art section because for any publication, one first checks to see if it were published more than one year before the filing date. If so, the inquiry is over. If not, then it might or might not be prior art under the first-to-invent provision, § 102 (a), depending on whether in this one year window the invention date is before or after the publication date. Thus, during the one year window publications or other disclosures under § 102 (a) have an uncertain prior art status.

It should be noted from the above that as I said earlier the United States does not have a grace period in its patent law. In a sense it has just the opposite, a provision that creates certainty from the uncertainties inherent in the first-to-invent system, a system that would never need a grace period to excuse certain activities of the

⁶ For the history of the Canadian law on this point see MARTIN J. ADELMAN, RANDALL R. RADER, JOHN R. THOMAS AND HAROLD C. WEGNER, *CASES AND MATERIALS ON PATENT LAW* 318, West Group 1998.

⁷ Application of Foster, 343 F.2d 980, 145 U.S.P.Q. 166 (C.C.P.A. 1965).

⁸ The Paris Convention is not applicable to § 102 (b) under § 119.

⁹ The full scope of § 102 (b) as a prior art section is explained in MARTIN J. ADELMAN, RANDALL R. RADER, JOHN R. THOMAS AND HAROLD C. WEGNER, *CASES AND MATERIALS ON PATENT LAW* 203, West Group 1998.

inventor because such activities can never be prior art under a first-to-invent theory. In contrast, adding a grace period creates some uncertainty where none previously existed.

In any event, to complete this brief review of the prior art system of the United States, I must mention the secret prior art provisions, §§ 102 (e) and (g).¹⁰ Ever since *In re Bass*¹¹ and *Kimberly-Clark Corp. v. Johnson & Johnson*,¹² it has been clear that any prior invention, even a secret invention, is prior art, unless commonly owned, regardless of whether it ultimately becomes the subject of a patent application so long as it is not suppressed, abandoned or concealed. In addition, material that is disclosed but not claimed in secret patent applications is considered first-to-invent prior art as of the United States filing date.¹³ These secret prior art provisions create additional sources of uncertainty, but only for the patent owner.

4. A GRACE PERIOD WOULD AID HARMONIZATION

Let us now see where we would be if Europe were to adopt a six-month grace period. It would add both uncertainty and fairness to the system. However, this level of uncertainty has always been part of the American patent system and all users of the system have been able to live with it. If nothing else changed, everyone would know that a publication with a date more than six months before the Paris date and a year before the actual United States filing date is prior art. With respect to a publication within the one year window in the United States and within six months of the Paris date, the publication may or may not be prior art depending on the factors previously discussed. Then, if the United States, as part of an effort to harmonize patent systems, would change the one year period in § 102 (b) to six months measured from the Paris date, then everything prior to that date would be prior art in both first-to-file patent systems and the first-to-invent system in the United States. In both systems publications before the Paris date, but within six months of that date, would be potential prior art whose status would depend on facts that would not be readily known to one who was studying a patent to determine its validity. Therefore, the adoption of a six-month grace period in Europe would both add fairness to the system and provide a reasoned basis for harmonizing the European and American patent systems, and it would do so without creating an unacceptable level of uncertainty.

¹⁰ Section 102 (b) also has a secret prior art aspect as public uses and sales can in fact be secret.

¹¹ 474 F. 2d 1276, 177 U.S.P.Q. 178 (C.C.P.A. 1973). See 1 MARTIN J. ADELMAN, PATENT LAW PERSPECTIVES § 2.3[8.-2] at n.1.

¹² 745 F.2d 1437, 223 U.S.P.Q. 603 (Fed. Cir. 1984). See 1 MARTIN J. ADELMAN, PATENT LAW PERSPECTIVES § 2.3[8.-2] at n.96.

¹³ *Hazeltine Research Inc. v. Brenner*, 382 U.S. 252 (1965). The common owner exception is not applicable to *Hazeltine Research Inc. v. Brenner* § 102 (e).