A PROPOSED DEFENSE for INTERVENING USERS (DIU) from The Industry Trilateral

Cornerstones for Harmonization: a B+ Sub-Group / Industry Symposium
EPO Isar Bldg.
Munich, Germany

This Presentation differs in several respects from the discussion on this topic in the Industry Trilateral's positions provided in the “Policy and Elements for a Possible Substantive Harmonization Package,” which is a work in progress and remains subject to approval by each organization’s relevant bodies.

This entire topic is under discussion and includes alternative proposals.
A Key Issue:

HOW TO REDUCE LEGAL UNCERTAINTY IF AN INTERNATIONAL GRACE PERIOD IS ADOPTED??
Current Opposite Approaches to Pre-Filing Disclosures (PFDs):

**EPO**
- no grace period
- application published at 18 months
- **LEGAL CERTAINTY at application publication** based on application filing date (i.e., a PFD **before** an application filing date is always Prior Art)

**US /JP**
- grace period of 6(JP)/12(US) months
- application published at 18 months
- **LEGAL CERTAINTY at application publication** based on application filing date (i.e., a PFD **more than 6/12 months before** an application filing date is always Prior Art)
- **US has NO LEGAL CERTAINTY at application publication** due to grace period for a PFD **less than 12 months before** an application filing date – must know if the publication is by/for/from the applicant/inventor
- **JP has LEGAL CERTAINTY at application publication** due to a requirement to file a Statement at application filing identifying PFDs, but only PFDs by the Applicant
- **US/JP have Accelerated Publication available on request of Applicant**
Goals if a Grace Period is Adopted that is Limited to PFDs Within the Grace Period by/for/from the Applicant:

- ENCOURAGE Applicant Activity to Provide Notice of Graced PFD and Legal Certainty for Third Parties
  - Filing an application promptly after a PFD
  - Providing a notice that a PFD is Graced – via a Statement

- RECOGNIZE that not all PFDs are Relevant to Patentability and Need to be Graced

- PROVIDE Limited Rights to Third Parties Who May be Disadvantaged by Lack of Notice of a Graced PFD through a Defense for Intervening Users
  - Defense similar to Prior User Rights Defense
  - Accompanies an Administrative Fee for late filing of a Statement
A Proposed Defense for Intervening Users – Key Requirements:

• Applicant makes a PFD within the Grace Period

• Applicant Fails to Provide Timely Public Notice that the PFD is Graced

• Applicant Later Claims Benefit of the Grace Period

• Third Party has Actually Used, or Begun Serious and Effective Preparation for Commercialization, During a "Critical Period" Prior to Publication of the Application

  • Critical Period begins [18 months after the public disclosure date of the PFD] [at filing of the application] and ends [on the date of publication of the application][when Statement is filed]

  • Applicant can shorten the Critical Period by filing an Application as soon as possible after PFD date and/or [by requesting Accelerated Publication or filing a Statement with the Application]
Incentives for Early Filing:

- Third Party activity [can begin any time after publication of PFD] but must be sufficient to Qualify during the Critical Period.

- Critical Period can be shortened by (1) prompt filing of an application and/or (2) request for accelerated publication.

Pre-filing Disclosure (PFD) of ABC by Inventor/Applicant

Conventional 12 month Grace Period

Conventional 18 months to Publication

Filing 12 months after PFD

Critical Period to Qualify for DIU

Application Publication at up to 30 months after public disclosure

Conventional Application Publication at up to 30 months after public disclosure

Third Party activity [can begin any time after publication of PFD but] must be sufficient to Qualify during the Critical Period.

Critical Period can be shortened by (1) prompt filing of an application and/or (2) request for accelerated publication.
Incentives for Early Filing:

- Third Party activity [can begin any time after publication of PFD but] must be sufficient to Qualify during the Critical Period
- Critical Period can be shortened by (1) prompt filing of an application and/or (2) request for accelerated publication

Pre-filing Disclosure (PFD) of ABC by Inventor/Applicant

Conventional 12 month Grace Period

3 mo. 6 mo. 9 mo. 15 mo. 18 mo. 21 mo. 24 mo. 27 mo. 30 mo.

Conventional Application Publication at up to 30 months after public disclosure

Application Publication

Filing 6 months after PFD

Shorter Critical Period to Qualify for DIU

Conventional 18 months to Publication

- Third Party activity [can begin any time after publication of PFD but] must be sufficient to Qualify during the Critical Period
- Critical Period can be shortened by (1) prompt filing of an application and/or (2) request for accelerated publication
Incentives for Early Filing:

- Third Party activity [can begin any time after publication of PFD but] must be sufficient to Qualify during the Critical Period

- Critical Period can be shortened by (1) prompt filing of an application and/or (2) request for accelerated publication

Pre-filing Disclosure (PFD) of ABC by Inventor/Applicant

Filing 12 months after PFD with request for accelerated publication or submission of a Statement

Little or No Critical Period to Qualify for DIU

Conventional 12 month Grace Period

Conventional 18 months to Publication

Conventional Application Publication at up to 30 months after public disclosure

Third Party activity [can begin any time after publication of PFD but] must be sufficient to Qualify during the Critical Period

Critical Period can be shortened by (1) prompt filing of an application and/or (2) request for accelerated publication
Incentives for Early Filing:

- Statements (1) and (2) are filed at or just after filing and are published at 18 months from application filing date, but a third party whose activity qualifies for a DIU has that defense perfected by the filing of the Statement claiming benefit of a grace period.
- Claim to Grace Period (3) during prosecution or as a result of a third party submission perfects the DIU.
- Applicant can choose not to claim benefit of Grace Period and simply argue patentability over the PFD.
- Administrative Fees also may apply for late filing of a Statement.

Critical Period to Qualify for DIU:

- Pre-filing Disclosure (PFD) of ABC by Inventor/Applicant.
- Filing 12 months after PFD.

- (1) File Statement Claiming Grace for PFD.
- (2) File Statement Claiming Grace for PFD.
- (3) Claiming Grace for PFD.
Legal Principles Underlying the DIU:

• [The PFD need not be seen by the Third Party – subjective factors are to be avoided] [The Third Party must make reasonable reliance on the PFD]

• The Third Party activity during the Critical Period "Qualifies" the Third Party for DIU benefits.

• The DIU is "Perfected" ONLY IF the Applicant Gives Notice that the PFD is Graced
  • The Notice may be a Statement at filing of an application or in response to: a rejection, a third party submission pre-grant or a third party request post grant.
  • The Applicant may choose to argue or amend, rather than claim the PFD is graced, to avoid DIU
Third Party Benefits from the DIU:

- Rights similar to those for a Prior User Right
  - Royalty free right to continue activity begun during the Critical Period
  - Right to improve and grow business
- Limitations similar to those for Prior User Right
  - Personal – not transferable
  - Limited by Jurisdiction of the patent right
  - Limited by claimed invention that defined the right
Remaining Third Party Uncertainty as to the PFD Under the DIU:

- Third Party, even if qualifying for DIU by activity in the critical period, has uncertainty until publication of the application
  - Publication provides "time certainty" (i.e., is a PFD more than 12 months before filing)
  - Does Not provide "grace period certainty" (unless a Statement was filed and is published)

- Grace Period certainty is obtained only when
  - Third Party sees a Statement by the Applicant identifying a PFD as graced
  - Examiner cites a PFD and Applicant claims Grace Period benefit
  - Third Party files a third party submission during prosecution citing the PFD
  - Third Party files a request after grant to remove uncertainty as to a PFD
CONCLUSIONS

The DIU provides:

• A strong incentive for Applicants to file an application quickly after a PFD
• A strong incentive for Applicants to file a Statement
• A strong incentive for Applicants to request accelerated publication of applications
• A protection for Third Parties who invest in a newly published technology and take a risk after 18 months that the technology is not patented

However discussion continues for:

• When the Critical Period begins and ends
• Length of the Grace Period
• Requirement that the Third Party must have relied on the PFD
• Compliance with International Treaties