



FÉDÉRATION INTERNATIONALE DES CONSEILS
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INTERNATIONAL FEDERATION OF
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INTERNATIONALE FÖDERATION
VON PATENTANWÄLTEN

FICPI URGES THE ADOPTION OF A GRACE PERIOD CREATING A LEVEL PLAYING FIELD FOR INVENTORS

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Inventors often lose patent rights in Europe and many Asian countries by mistake. These losses happen because those jurisdictions impose an “absolute” novelty requirement: the invention must not have been made “available to the public” in any way at any time before an application is filed. Many inventors, particularly individuals and small entities engaged in commercialisation, are not aware of the requirement or misunderstand the nuances of its application, and as a result inadvertently lose their rights. This is much less likely to happen in countries such as Japan and the United States of America, which allow disclosures during a specific time before filing, called a “grace period”.

Although most of Europe has insisted on absolute novelty since 1963, and all of it since 1973 with adoption of the European Patent Convention, before then some individual countries, such as Germany, Switzerland, the United Kingdom, Austria and Italy, had included grace periods in their national laws.

Countries which currently provide a grace period include some of the most productive and innovative national economies. The largest of these, the United States, applies a one-year grace period in advance of filing for disclosures made by an inventor or by someone who obtained the information from him. (Before the U.S. moved to first-to-file in 2013 it also recognised a one-year grace period for publications or public use of the invention.) Japan provides a six-month grace period so long as the inventor files a declaration that disclosure during that time was not in a patent journal or was made without authorisation. The Republic of Korea allows a full year grace period, and also requires a declaration by the inventor who wishes to take advantage of it. Australia provides a one-year grace period but does not require an inventor’s declaration. Brazil also allows a one-year period before filing, and its law permits its patent office to require a declaration; however, it has declined to do so. Canada’s grace period is one year, and does not require a declaration.

A common argument in opposition to a grace period is that it would create uncertainty for industry. However, this abstract assumption has not been supported by empirical proof. In contrast, studies carried out in jurisdictions with a grace period demonstrate no substantial prejudice to commercial interests, certainly not comparable to the permanent loss of inventor rights that results from imposition of absolute novelty. And absolute novelty itself is not absolutely predictable, but creates legal uncertainties, for example resulting from pre-filing experimentation, or disclosure within a standards body.



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In a global economy where inventors wish to file in multiple jurisdictions, the benefits of a national grace period cannot be fully realised at present, because inventors must follow any stricter foreign standards. Therefore, harmonised acceptance of a grace period among all industrialised countries must be a high priority.

Efforts to establish a harmonised grace period began at WIPO in 1983, as part of more general patent harmonisation efforts. A “Basic Proposal” including a grace period was rejected in 1991, but not because of its merits. Rather, the problem was that the U.S. at that time remained committed to its “first-to-invent” patent system. The consensus at the time was that a grace period made sense, but could be achieved politically only when the U.S. moved to the otherwise universally accepted “first-to-file” system. In the meantime, WIPO continued to recommend grace period as a best practice for countries developing their patent law frameworks.

Within Europe, consultations over the grace period went on, informed largely by a pair of studies commissioned by the EPO in 2000. Professor Joseph Straus’ report urged that Europe follow the 38 countries that had already adopted a grace period. He pointed out that the experience of those countries had been uniformly positive. He argued that absolute novelty did not significantly increase legal certainty and that in any event the consequence of lost rights was clearly disproportionate. A grace period would provide substantial benefits to universities and research institutions, as well as small entities and individual inventors, while causing no discernable harm to large enterprises that could afford to closely police their pre-filing disclosures.

A second report by Mr. Jan Galama argued primarily that unilateral allowance of a grace period would be premature, with no guarantee of “reciprocity” from other countries. A grace period, he added, would create a false sense of security within industry and might allow third parties to acquire intervening rights from early disclosure. He suggested instead that Europe pursue the possibility of allowing “provisional” applications and in general increase public education and awareness of the requirements of the patent system.

Back at WIPO, the successful conclusion in 2000 of the Patent Law Treaty on formalities raised hopes for progress on substantive patent law harmonisation. By 2003 a draft treaty had been prepared that included a grace period, although agreement had not been reached on whether it should be six or twelve months and whether a declaration of the inventor should be required. Unfortunately, negotiations on substantive harmonisation then stalled, for political reasons unconnected to the grace period issue.

Since that time, political discussions have continued in the plurilateral context, for example among the B+ group of industrialised countries, and among the three largest (Trilateral) and later five largest (IP5) patent offices. During 2012-14 the Tegernsee Group was formed by the U.S., Japan and Europe, to conduct a comprehensive user-based study of patent law harmonisation issues, including grace period. It issued its report in 2014. Although their systems differed to an extent, users in Japan and the U.S. reported positively on the effects of the grace



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period, as well as pointing out the tragic results, for global filing purposes, of mistakes in pre-filing disclosures. Within Europe, the study indicated a slight majority in favor of a grace period, but substantial skepticism remained due to the concern over legal uncertainty.

While the Tegernsee Group process was ongoing, the EPO's Economic and Scientific Advisory Board decided to take up the grace period issue. Following a study and workshop, the ESAB issued recommendations in March 2015. While it believed that a complete assessment of the economic effects was "not feasible at this point", it concluded that Europe should consider introducing a grace period only if (1) it was a "safety-net" type, covering disclosures by the inventor and others deriving from him, but not third party disclosures, and (2) it was harmonised at least with the other major patent systems in the IP5. And the twelve countries participating in the Trans-Pacific Partnership negotiations have recently announced, in Article 18.38 of their draft agreement, endorsement for a "safety net" kind of grace period.

While all of these governmental efforts were in progress, global professional organisations representing the user community, particularly FICPI and AIPPI, continued to survey and study the grace period issue. Their independent reports, issued in 2013, each urged the embrace of a global grace period of the "safety net" type. The reports recommended a twelve-month period using the filing date or the priority date as a reference, no mandatory inventor declaration, and recognition of third party rights for independent disclosures. See e.g. the FICPI White Paper on the Grace period at www.ficpi.org.

All of this recent activity is evidence of an emerging consensus both on the wisdom of a global grace period, as well as its terms.

Providing relief to inventors who have made an honest mistake is a natural and important part of any patent system that seeks to encourage innovation from all sources. Indeed, continuing to maintain the requirement of absolute novelty risks reinforcing public cynicism about the law, because users may see it as promoting only the convenience and opportunism of large corporations who can effectively mitigate their own risk of losing rights by inadvertent disclosure, while benefiting from the mistaken disclosures by smaller entities. Whether or not this is true is not the point; rather, it is the perception of this asymmetric situation that matters.

In response to the fundamental fairness of a grace period and the unequal effects of the status quo, the classic argument about legal certainty is insufficient. It is an abstraction that fails to account for the very substantial uncertainty that already exists, independently of whether a grace period is provided, in any patent search. No empirical evidence has demonstrated that a grace period creates any significant incremental uncertainty. And the abstract concern stands in stark contrast to the clear and existential harm to innocent inventors, who can lose all their rights.

Requiring an inventor declaration would effectively maintain a variation of the status quo, because it would put the inventor at risk of an insufficient statement. The declaration would become the focus of inquiry: did the inventor think of everything that might destroy novelty?



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If an argument can be made that he has missed something, then the risk remains that he will be stripped of his invention. In this regard, the declaration would provide very little benefit while setting a trap for the unwary inventor.

Although a proper concern for fairness and simplicity has led most stakeholders to conclude that a grace period is desirable, there also seems to be agreement that the inventor should not be rewarded for delay and should be encouraged to enter the patent system at the earliest reasonable time. For that reason, the majority viewpoint is that a “safety net” type of grace period should be provided, in which third parties would be able to preserve their intervening rights.

Consequently, FICPI urges the relevant authorities to come to an agreement, at the earliest possible time, on the institution of a global grace period of the “safety net” type, measured from the filing date or the priority date for a period of twelve months, without any requirement for an inventor declaration.

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