Grace Period under the Japanese Patent System and Movement to Harmonization

— Enhancement of Protection for Inventors Under the First-to-File System —

(Part 2)

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4.1 Limited scope of the Grace Period

Article 55 of the EPC (European Patent Convention) stipulates the grace period as six months. However, the scope to which the grace period can be applied is extremely limited. The grace period can be applied to evident abuse in relation to the applicant or its legal predecessor, or the fact that the applicant or its legal predecessor has displayed the invention at an official, or officially recognized, international exhibition falling within the terms of the Paris Convention. The reason why the scope is limited is to emphasize legal stability, and to avoid the risk that the invention cannot be patented in a country other than Europe, caused by the inventor's lack of consideration of the grace period. For this reason, the EPC introduced the concept of absolute novelty.

The concept of the European patent system regarding the grace period is that the inventor can be protected with limitations during the grace period. Therefore, even if the grace period can be applied to disclosure of the invention, if a third party discloses the same invention during the time between the

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disclosure and the time of filing a patent application, the earlier disclosed invention cannot be patented because novelty is lost.

The filing date, which is the date for calculating the grace period, is the filing date of the European patent application. In case of displaying the invention in an international exhibition, the applicant must state that the invention has been displayed at the time of filing the application, and file a supporting certificate within six months, in order to enjoy the benefit of the grace period.

4.2 Remedy for Misappropriation of Invention

The European patent system is directed to procedures from filing a patent application to granting a patent. Therefore, remedy for a misappropriated application is entrusted to each European state. In Germany, the U.K. and France, the true inventor has a right to claim to recover a patent from the misappropriating person. Furthermore, in Germany and the U.K., a system of retro-activating the filing date is provided, in which the filing date of the misappropriated application is considered as the filing date of the patent application by the true inventor, when the misappropriated application is revoked.

5 Comparative study

The U.S. patent system introduced the first-to-file system by the AIA for harmonizing the patent system. Although current patent systems in Japan, Europe and the U.S. adopt the first-to-file system, there is a difference in the grace period among them. In particular, the grace period in the U.S. patent system protects an inventor more strongly than that in the Japanese or European patent system because the U.S. patent system shifted to the first-to-file system while retaining protection of the inventor under the first-to-invent system.

5.1 Disclosure by a Third Party During the Grace Period

The meaning of the patent system is to disclose a new invention to society and give a patent to an inventor for compensation of the disclosure. Under the first-to-file system, an invention disclosed before the filing date is regarded as the common property of society and therefore cannot be patented. However, in the research and development field, it is more important to present the result earlier. If the principle of first-to-file system is applied to such case, an invention cannot be patented.

Under the first-to-file system, the grace period is for protecting an invention from the inventor's disclosure activity which causes loss of novelty. Under the patent systems in Japan and Europe, the scope of protection of an invention by the grace period is restricted to the scope of which the inventor's own disclosure activity does not constitute prior art. In accordance with the principle of the first-to-file system, an invention loses novelty by a third party's disclosure of the same invention before filing a patent application, even if the third party discloses the invention within the grace period.

On the other hand, under the first-to-invent system, novelty of invention is judged on the basis of the time when the invention is made. Under the first-to-invent system, the grace period is a given period from the disclosure of the invention to the filing of a patent application, in order for an invention to be patented. Therefore, novelty of invention is not lost even if a third party discloses the same invention during the grace period.

What had been a concern was the impossibility of protecting an inventor from disclosure by the third party during the grace period if the U.S. patent system shifted to a first-to-file system. To protect the inventor's profit, the AIA introduced the concept of "first disclosure", which protects an invention from the disclosure by a third party before filing a patent application. However, the grace period under the AIA has the characteristic of being an exception to the first-to-file system, due to

maintaining the protection of the inventor under the first-to-invent. In the U.S. patent system after the AIA, considering the risk of disclosure by a third party before filing the patent application, it is more advantageous to disclose the invention before filing the patent application than to file an application in the normal course. This fact typically shows the characteristics of the U.S. first-to-file system.

In principle, disclosing an invention by the inventor without filing a patent application is considered abandoning the right to obtain a patent for the invention. However, there may be a case where disclosure of the invention before filing a patent application occurs. The grace period under the first-to-file system is a special measure for relieving an inventor in such case.

The patent systems in Japan and Europe require an application procedure to apply the grace period to the disclosure of an invention by the inventor before the Patent Office. The required procedure is to submit a statement claiming the benefit of the grace period and the fact of disclosure of the invention. This is for the inventor to declare that disclosing an invention by the inventor himself/herself was due to an unavoidable reason and the disclosure was limited.

On the other hand, under the U.S. patent system, no procedures for applying for the grace period before the USPTO are necessary. This is because the inventor has the benefit of the grace period as a legitimate right at the time of making an invention under the first-to-invent system. Even after shifting to the first-to-file system, the U.S. Patent Act does not stipulate the procedures for applying the grace period, in order to continue the protection of the inventor under the first-to-invent system.

5.2 Applicable Scope of the Grace Period

The European patent system strictly adopts the principle of the first-to-file system. For this reason, the scope of disclosure to which the grace period can be applied is very narrow.

On the other hand, the scope of disclosure to which the grace period is applicable is very broad under the U.S. patent system. In the first place, no disclosure after the completion of the invention loses novelty of invention under the first-to-invent system. To continue this benefit, the comprehensive scope of disclosure to which the grace period is applied is stipulated after changing to the first-to-file system.

Similar to the European patent system, the Japanese patent system has restricted the scope of protecting inventors which the grace period encompasses, in accordance with the principle of the first-to-file system. However, with diversification in the mode or disclosure, the scope of disclosure to which the grace period can be applied has been expanded, in order to enhance the protection of the inventor. The Japanese patent system is comparable to the U.S. patent system, in the point that the mode of disclosure to which the grace period is applicable is not specifically limited. However, the concept of the scope of the disclosure to which the grace period is applicable is essentially different between the Japanese and U.S. patent systems.

5.3 Protection from Misappropriation

Under the first-to-file system, a person other than an inventor can be an applicant. Therefore, if the invention is misappropriated and the patent application for the misappropriated invention is published earlier than filing a patent application by the true inventor, the true inventor cannot obtain a patent. To relieve the inventor from such situation, the inventor can still receive the benefit of the grace period in the Japanese and European patent systems even with the disclosure of the misappropriated invention.

When the invention is disclosed by misappropriation, application for the benefit of the

grace period is not required, because the disclosure is not the intention of the true inventor. Furthermore, to address the problem that the disclosed invention cannot be patented when the grace period has elapsed without filing an application, the patent systems in Japan and Germany allow the true inventor to have the right to claim regaining a patent from the misappropriating person.

On the other hand, the first-to-invent system has no concept of misappropriation, because only true inventors can obtain a patent. Therefore, no provision for the application of the grace period to misappropriation was made in the U.S. Patent Act in the time of the first-to-invent system. With regard to the problem of a misappropriated application, which would occur after shifting to the first-to-file system, the U.S. patent system after the AIA sets means for relieving inventors through the use of derivation proceedings rather than a grace period.

The effect of the derivation proceedings is to correct the name of the inventor listed in the patent application or patent which is misappropriated. In this point, the effect of the derivation proceedings is similar to the right to request to regain a patent from a misappropriating person. However, filing a patent application is mandatory to request the derivation proceedings, which differentiates the derivation proceedings from the condition for the right to claim to regain a patent in Japan or Germany.

6 Important Points about the Japanese Grace Period

In view of practice, the following points about the Japanese grace period should be considered. The Japanese grace period is more advantageous than the European grace period on the point that the scope of disclosure to which the grace period is applicable is broader. On the other hand, the Japanese grace period is less favorable than the U.S. grace period, on the point of the length of the period and the protection from disclosure by a third party.

The date for calculating the grace period is the filing date of the Japanese patent application, and the length of the period is six months. The inventor must do the predetermined proceeding for enjoying the benefit of the grace period to the Japan Patent Office. If a third party discloses his invention within the period from the inventor's disclosure to filing a patent application, novelty of the invention is lost.

In view of above points, in Japan, once the invention is disclosed, it is preferable to file a patent application together with a petition for applying the grace period as early as possible even within the grace period.

7 Movement to Patent System Harmonization

7.1 Tegernsee Meeting

Recently, research and development activities as well as business tend to develop more globally so that companies and research institutes show great interest in obtaining patents on a global scale.

Differences with regard to the grace period among Japan, the U.S. and Europe is a great concern, in particular, for universities or research institutes. Presentation at an academic conference falls with the scope of protection of the grace periods in Japan and the U.S., whereas it is excluded from the scope of protection of a grace period in Europe. Furthermore, when a third party discloses the invention between the presentation and filing of a patent application, novelty of invention is not lost under the U.S. patent system, while the invention cannot be patented under the Japanese and the European patent systems.

In 1990s, the discussion with regard to patent system harmonization, which included the discussion about the grace period, was developed under the initiative by the WIPO. In 2000, the Patent Law Treaty (PLT) was concluded,

which was to harmonize the procedure. Discussion about unification of substantive protection was at a deadlock due to confrontation between advanced countries and developing countries. However, the enactment of the AIA triggered an increase in the momentum of re-discussion, and in response to this momentum, the Tegernsee Meeting, in which patent system harmonization was discussed among the major advanced countries, was held.

The grace period was one of the main agendas at the Tegernsee Meeting, held five times, and comparison of the patent systems and practices among the participating countries was done. In the fifth meeting in April 2014, the final consolidated report was published and the result of collecting opinions from users by each participating country's Patent Office was reported[3]. According to the report, the majority of respondents to the Tegernsee surveys in Japan (78%) and the U.S. (79%) are in favor of the grace period, in view of encouraging early publication of inventions or as being user-friendly for small entities. On the other hand, in Europe, only a slim majority of respondents to European surveys overall (53.8%) appear to be in favor of the grace period. Negative implications of the grace period in Europe were based on the opinion that a grace period could lead to legal uncertainty in respect of patent rights or make the patent system more complicated.

The percentage of the respondents who indicated that they had felt the necessity to file patent applications after they had disclosed their inventions was high (Japan 78%, the U.S. 67%, and Europe 64%). Also, some of the respondents indicated that they filed patent applications only in countries/regions where they were able to use grace periods (Japan 75%, the U.S. 65%, and Europe 52%). Reflecting such a situation, the majority of the respondents in Japan, the U.S., Europe (Japan 85%, the U.S. 84%, and Europe 83%) believe that the grace periods should be internationally harmonized. There is convergence in the responses in all three regions as to the preferred date as of which a grace period should be calculated: from the filing or priority date (Japan 63%, the U.S. 64%, and Europe 71%).

As for the specific direction of harmonization, the difference of thought can be seen among Japan, the U.S. and Europe. About the duration of the grace period, 65% and 56.7% of the respondents in Japan and in Europe, respectively, are in favor of six months, while 65% of the respondents in the U.S. favor twelve months. Furthermore, about mandatory declarations, in Japan and Europe, a significant percentage (Japan 64%, and Europe 62%) of the respondents indicated that it should be mandatory for applicants to declare that they are invoking the grace period, while a higher percentage (71%) of U.S.-based respondents claimed that mandatory declarations should not be mandatory where the grace period is invoked.

The difference of the responses about the support for a grace period and its requirement may reflect the difference among the current patent systems in Japan, the U.S. and Europe. However, in Japan, the U.S. and Europe, great interest is shown about international harmonization of the grace period. Future discussion toward patent system harmonization should be focused.

7.2 Introduction of the U.S. Grace Period by the Through Bilateral/ Multilateral Negotiation

Recently, patent systems tend to be more strongly directed by inter-regional, bilateral or multilateral negotiations. To protect their own country's inventors, at the table of bilateral or multilateral negotiations the U.S. encourages other countries to introduce the U.S. type grace period.

One of examples is a Free Trade Agreement (FTA) enacted between the U.S. and Korea in 2012. The U.S.-Korea FTA includes many provisions with regard to the protection of the intellectual property rights, and Korea revised

drastically the intellectual property laws upon enacting the FTA. One of the amended provision was related to the grace period, and the grace period of six months was extended to twelve months in accordance with the U.S.-Korea FTA, Article 18.8.7.

In October 2015, Trans-Pacific Partnership (TPP) was reached, with an agreement among twelve countries including Japan and the U.S. Under the TPP, introducing the grace period of twelve months is mandatory. In Japan, revision of the Patent Act for extending the grace period is under discussion.

The U.S. encourages some countries to set the grace period as twelve months, in order to make the U.S. type grace period the global-standard. It is foreseen that the U.S. encourages the countries to set the priority date as the date for calculating the grace period.

8 Conclusion

Patent systems in Japan and Europe have limited the applicable scope of the grace period depending upon the principle of the first-to-file system, whereas the U.S. patent system has accepted a broad applicable scope of the grace period under the first-to-invent system. The U.S. patent system shifted to the first-to-file system by the AIA, but the grace period still has the characteristic protection of the inventor under the first-to-invent-system, in order to continue the protection of the inventor under the earlier system. The requirements for a grace period under the Japanese patent system have been approaching that of the U.S. patent system. However, the Japanese grace period essentially differs from the U.S. grace period in the point that novelty of invention is lost by a third party's disclosure within the grace period.

The biggest issue for the U.S. is that its own grace period is not the global standard. The AIA introduced the new grace period whose initial date is based on the priority date of filing a patent application in a foreign country. By introducing a grace period advantageous to foreign applicants, the U.S. appears to expect that foreign countries including Japan will introduce the U.S. type grace period.

The opportunity for disclosing an invention by the inventor before filing an application will increase. We must avoid geographical discrimination in protecting inventions due to differences in the grace period. On the other hand, the principle of the patent system is that disclosed inventions are given to the public. While it is a matter of course that a patent system must consider protection of inventors, the patent system is also under an obligation to be used by third parties without concern. At the point of not only protecting inventors but also for removing third parties' concerns, early achievement of an internationally harmonized grace period is most desirable.

Notes:

3) **http://www.jpo.go.jp/torikumi/kokusai/kokusai2/pdf/5_tegernsee/final_report.pdf**