
Articles

Result of Study on Grace Period for Universities, SMEs and Startups

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1. Introduction

1-1. History of Substantive Patent Law Harmonization (SPLH)

When industries conduct global activities, it is important that they be able to acquire patent rights efficiently in multiple countries. From the perspective of reducing procedural costs, SPLH can increase predictability of acquiring patent rights and contribute to industries' smoothly conducting activities.

Various initiatives have been initiated on SPLH. However, since the diplomatic conference¹ held in 1991, the discussion of SPLH in World Intellectual Property Organization (WIPO) has been suspended due to a conflict between the first-to-file and the first-to-invent principle.

Under these circumstances, after the Patent Law Treaty (PLT)² was adopted in June of 2000, it was agreed³ to resume the discussion of SPLH at the fourth session of WIPO Standing Committee on the Law of Patents (SCP). Since then, at the SCP sessions, discussions on the

Substantive Patent Law Treaty (SPLT) were held based on draft articles of the treaty prepared by the WIPO Secretariat.

Achieving SPLH early will bring benefits to applicants and respective IP offices. In light of this, after the above discussions, the Trilateral IP Offices of Europe, Japan, and the U.S. reached an agreement to limit the agenda to four items on prior art-related issues, i.e., the definition of prior art, the grace period, novelty, and inventive step. The Offices submitted the trilateral proposal⁴, which stated that the agenda should be limited to four items, to the tenth SCP session in May of 2004 and the Assemblies of the Member States of WIPO in September of 2004. While attracting a wide range of support from developed countries, the proposal did not garner agreement from developing countries. As a result, no consensus in WIPO was reached⁵.

In order to overcome this situation and advance the discussion, the Exploratory Meeting of Interested Parties Concerning the Future of Substantive Patent Law Harmonization⁶ hosted by the

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U.S. was held in February of 2005, aiming at having a common view in developed countries on how to advance the discussion on SPLH. Starting with this, meetings of developed countries on SPLH (Group B+ meetings)⁷ have been held regularly.

At the Group B+ meeting in September 2006, a comprehensive compromise package was proposed, and it was agreed to advance work on preparing specific draft articles of the treaty based on the package. Furthermore, at the Group B+ meeting in September of 2007, a list of some items, including first-to-file principle, subject to future discussions was presented. However, the grace period, prior user rights, and 18 months publication in particular became significant issues, which stagnated the discussion.

On September 16 of 2011, the America Invents Act (AIA)⁸ was enacted in the U.S., which includes the change from the first-to-invent to first-to-file principle. And this enactment raised the momentum for SPLH again. In order to consider the future of the stagnated discussion on SPLH between developed countries, heads and representatives from patent offices in Japan, the U.S., and some European countries including Denmark, France, Germany and the U.K. as well as the European Patent Office (EPO: host office) gathered at Tegernsee in the suburb of Munich and held the first Tegernsee meeting⁹.

At the first meeting held in July of 2011, key issues in holding its discussion of SPLH (first-to-file principle, grace period, prior user rights, scope of prior art, novelty, inventive step, 18 months publication, and secret prior application) were identified. And then, it was agreed by a group of patent experts to compare

systems and practices between each country and region on these key issues.

The Tegernsee meetings were held five times by 2014. The common and different points with respect to the four items were analyzed, with fact-based results obtained from user discussions conducted by each office. After that, the participants made a report¹⁰ and submitted it to the Group B+ meeting. Since then, the main place to discuss SPLH has moved again to the Group B+ meeting.

At the Group B+ Plenary meeting in September of 2014, a decision was made that the B+ Sub-Group, whose members are currently Australia, Canada, Denmark, Germany, Hungary, Japan, South Korea, Spain, Sweden, the U.K., the U.S. and EPO, would hold future substantial discussions. In October of 2015, Group B+ agreed to the formation of four workstreams. These workstreams are working-level projects in which countries and organizations participate that have shown interest in the grace period, conflicting applications and prior user rights. Preparation of documents began regarding previously-held discussions, patent systems in each country, and possible directions. In May of 2016, documents with outcomes of each workstream were submitted to the B+ Sub-Group.

In June of 2017, the B+ Sub-Group held the Users' Symposium on SPLH in Munich and had discussions with participants, including users of the Trilateral Offices of Europe, Japan and the U.S. At the Group B+ Plenary meeting in October of 2017, it was agreed to advance user-driven discussions so as to propose a SPLH package, which includes items to be harmonized as a set, at the Group B+

Plenary meeting in 2018.

Then, discussions were made at several times at the Group B+ Plenary meetings and by the Industry Trilateral (the American Intellectual Property Law Association (AIPLA), the BUSINESS EUROPE (BE), the Intellectual Property Owners Association (IPO), and the Japan Intellectual Property Association (JIPA)). After that, the paper titled “Policy and Elements for a Possible Substantive Patent Harmonization Package”¹¹ was submitted by the Industry Trilateral in September of 2020.

1-2. Initiative by Japan Patent Office (JPO)

It is sometimes too strict for an inventor not to be able to obtain a patent due to the lack of novelty based on his/her own publication even if specific reason exists why such publication is unavoidable. Based on this view, every country has adopted a grace period that certifies exception to the lack of novelty for a certain period and scope.

As described in the previous subsection, the grace period is positioned as one of the key items to be discussed at the Group B+ meetings. However, in terms of its length and scope, there are still differences between member states of the European Patent Convention and other countries. Some member states have a relatively shorter duration and narrower scope, and others have a relatively longer duration and wider scope.

With regard to the grace period, a study was conducted in the context of the Tegernsee meeting in the past. However, the study was mainly targeted for large corporations and did not fully reflect opinions from universities, SMEs, and

startups who inherently need a system of safeguards such as the grace period for reports and disclosures at academic conferences, and in press releases.

Considering the fact that key innovators are no longer only large corporations but also universities, SMEs, and startups, understanding facts of actual utilization and difficulties of the grace period is essential for wider users to consider patent law systems with high level of convenience. Additionally, these new standpoints are important for properly advancing future discussions on SPLH.

This study on the grace period was conducted by the JPO that kept these issues in mind. It was conducted to gather information on actual utilization and difficulties of utilization by universities, SMEs, and startups in Japan and other countries, especially in Europe.

2. Subjects and methods of the study

Subjects of the study on the grace period are universities, SMEs, and startups in Australia, Canada, Denmark, Estonia, Finland, France, Germany, Japan, Sweden, the U.K. and the U.S.

The survey was conducted via web-based questionnaires and each office requested the subjects to respond.

The JPO prepared the questionnaires, paying attention to make sure that the questions were simple and easy to understand, so that non-experts in IP could respond. Specific questions are as follows.

1. What is your first response to the results of your research or product development in terms of your information disclosure policy?
 - a. If the answer to Question 1 is other than “Patent Application”, are there particular matter(s) you consider before publishing, presenting or reporting?
2. Have you ever faced a situation where you wanted to file a patent application but could not do so?
 - a. If you answered “Yes” to Question 2, please explain why.
 - b. If you answered “Yes” to Question 2, were you able to file a patent application within a certain period after publishing, presenting or reporting?
3. Have you ever decided not to file a patent application, or failed to obtain a patent when you published, presented or reported?
 - a. If you answered “Yes” to Question 3, have there been any instances where you were able to obtain a patent in one country but not in another?
4. Do you ever use technology (ies) disclosed by others for your own inventions?

3. Results of the survey

3-1. Number of responses

We received 258 responses to the survey. The breakdown is shown in Fig. 1 and Fig. 2.

In the following, the respondents are grouped into three regions according to the duration of the grace period. The first region is member states of the European Patent Convention (EPC), which provides a six-month grace period. The second region is Japan that extended the grace period in 2018 from 6 to 12 months. The third region includes Australia, Canada, and the U.S., which have a 12-month grace period.

3-2. Analysis

3-2-1. From the standpoint of innovators

In terms of the standpoint of innovators, the questionnaire asked what the inventors' first responses would be with regard to their research results and new product development. As shown in Fig. 3, the majority responded that they would file patent applications as their first response. The result shows that many respondents have filing patent applications in mind.

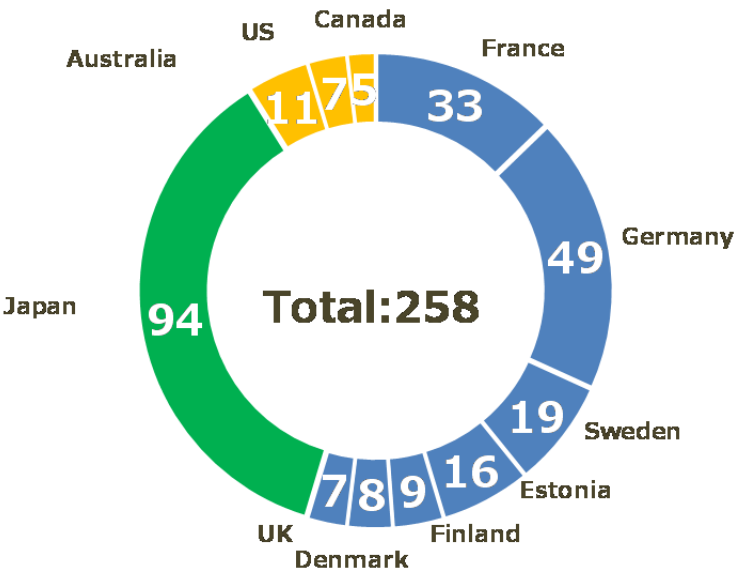


Fig. 1: Countries of respondents

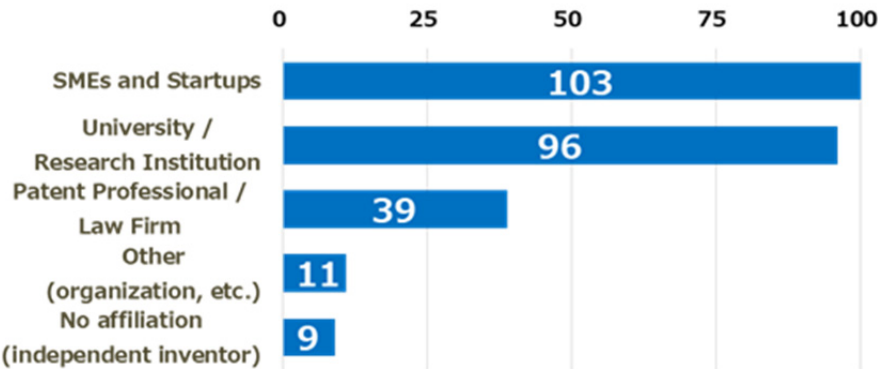


Fig. 2: Attributes of respondents

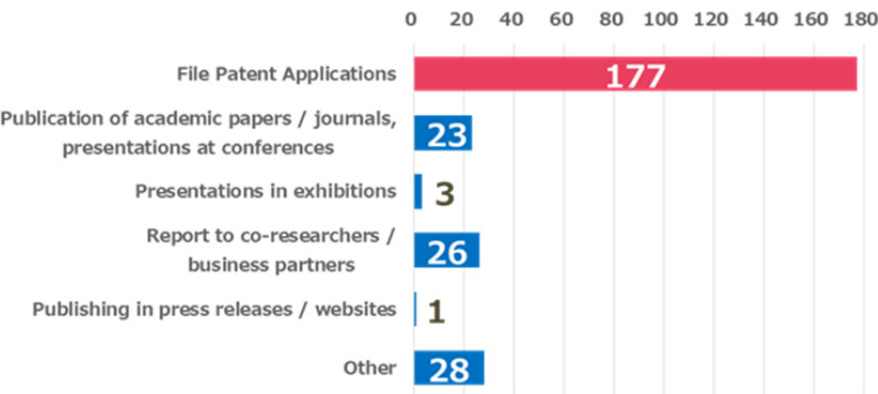


Fig. 3: Answers to “What is your first response to the results of your research or product development in terms of your information disclosure policy?”

This thinking was shown in all regions and all organizational types as shown in Fig. 4 and Fig. 5. In particular, it was notable in SMEs and startups who placed importance on business growth.

Then, to those whose response was other than “file patent applications” as their first response, the questionnaire asked whether there were particular matters that they would consider before publishing their inventions. The result shows that many respondents were conscious of not losing the novelty of their inventions. For example, they were careful not to disclose the key parts of

their inventions as shown in Fig. 6.

However, in reality, in some cases, the respondents had to give up filing patent applications. When asked whether they experienced times when they wanted to file patent applications but could not do so, more than half of the respondents responded “yes” as shown in Fig. 7. Also, more than half of the respondents expressed that they decided not to file patent applications or could not do so when they published their inventions as shown in Fig. 9. We found many cases like these, especially in Europe, as shown in Fig. 8 and Fig. 10.

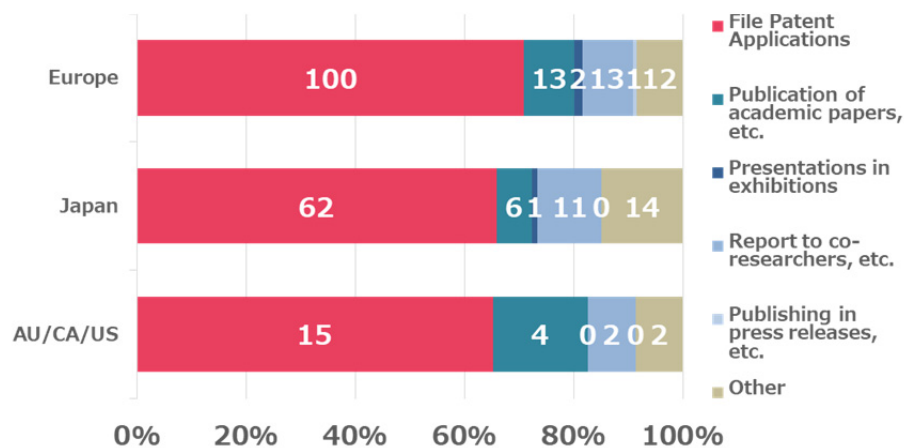


Fig. 4: Breakdown of answers by regions

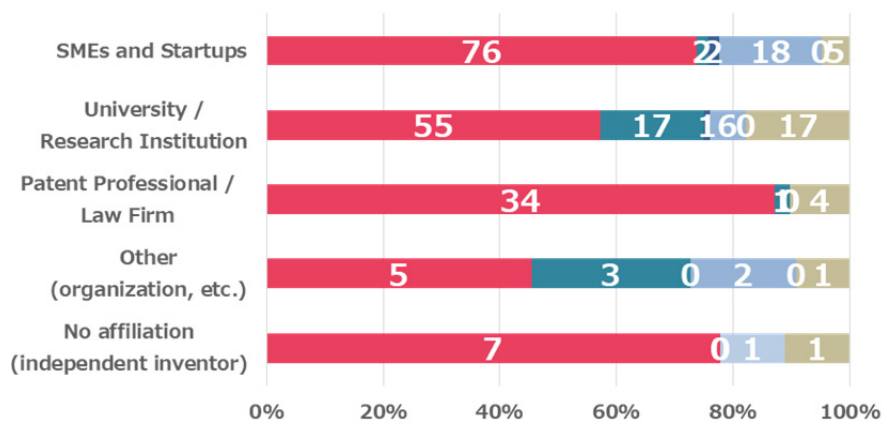


Fig. 5: Breakdown of answers by attributes

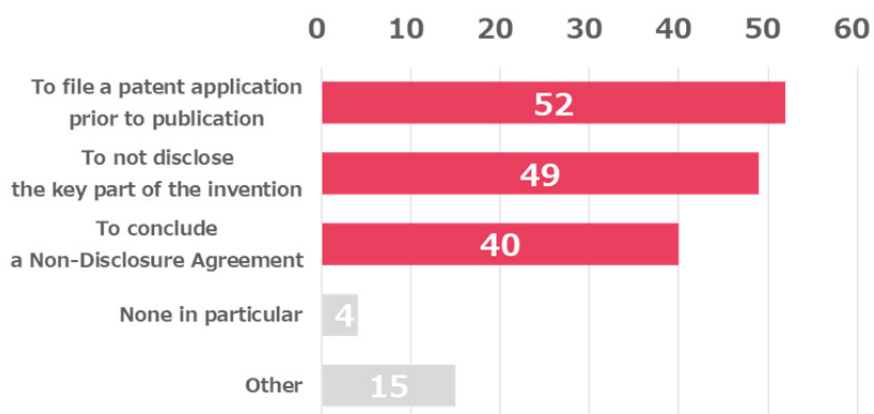


Fig. 6: Answers to “Are there particular matter(s) you consider before publishing, presenting or reporting?”

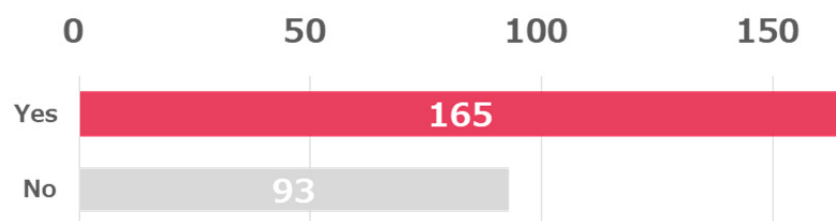


Fig. 7: Answers to “Have you ever faced a situation where you wanted to file a patent application but could not do so?”

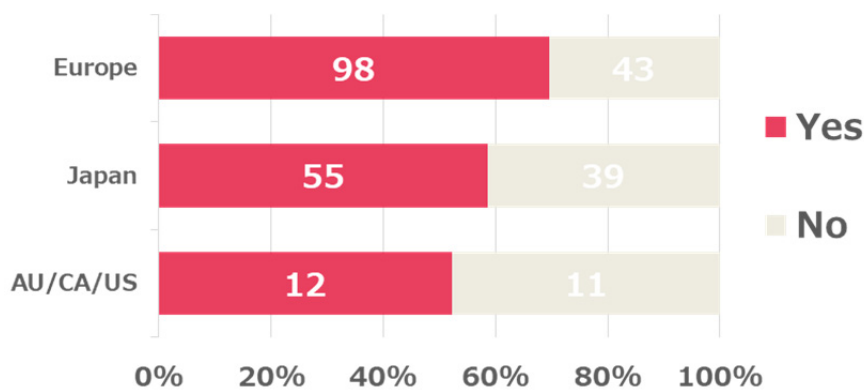


Fig. 8: Breakdown of answers by regions

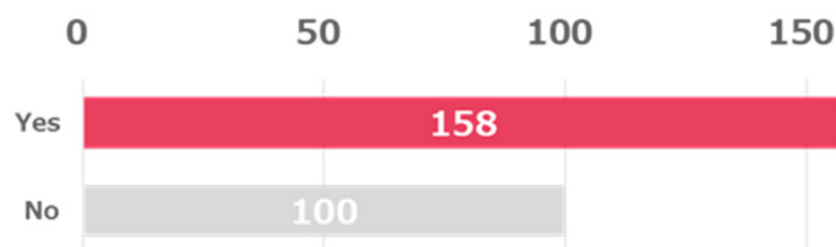


Fig. 9: Answers to “Have you ever decided not to file a patent application, or failed to obtain a patent when you published, presented or reported?”

wanted to file patent applications but could not do so, the questionnaire asked the reasons why they gave up filing patent applications. The result described in Fig. 11 shows that the two major reasons for this were the inventors' lack of funds and lack of time.

To those who responded that they

wanted to file patent applications but could not do so, the questionnaire asked how long they would have needed to file patent applications after their inventions were published. As shown in Fig. 12, more than half of the respondents expressed their view that they could file patent applications if they had a one-year

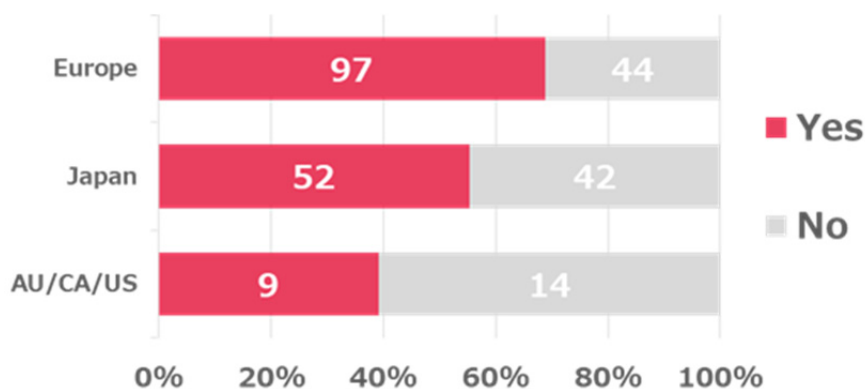


Fig. 10: Breakdown of answers by regions

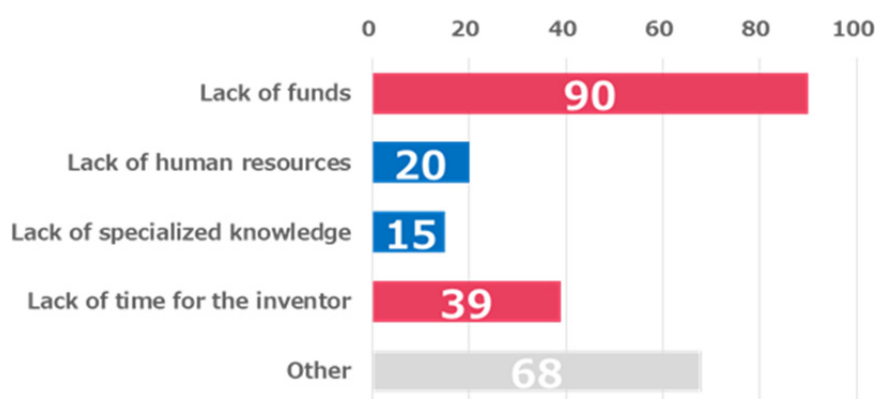


Fig. 11: Reasons why patent application could not be filed

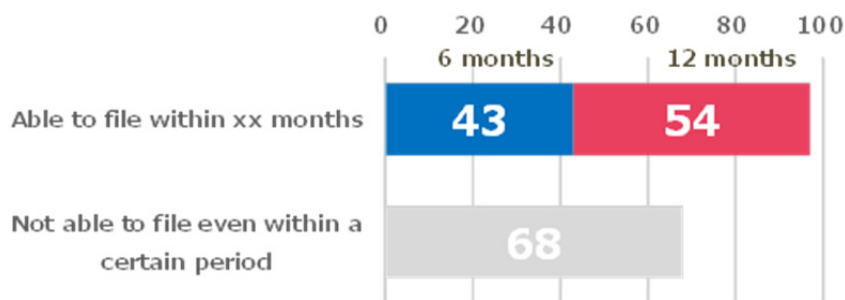


Fig. 12: Answers to "Were you able to file a patent application within a certain period after publishing, presenting or reporting?"

grace period.

For those 158 respondents who decided not to file a patent application or failed to obtain a patent when they published, presented or reported, the questionnaire asked them in which regions they were unable to obtain a patent. As shown in Fig. 13 and 14, more than 40% responded that they were unable to obtain a patent in Europe.

The result shows that from the standpoint of innovators, they wanted to advance innovations by filing patent applications, but in some cases, they had to give up filing patent applications. However, they could file patent applications if they had a longer grace period.

3-2-2. From the standpoint of third-parties

In terms of the standpoint of third parties, the questionnaire asked whether respondents used technologies disclosed by others for their own inventions. The result described in Fig. 15 shows that some respondents actually used technologies disclosed in academic papers, journals, conference presentations, and the like.

And then, the questionnaire asked those who responded that they used technologies disclosed by others for their own inventions how they checked to make sure that their inventions didn't infringe patent rights when using those

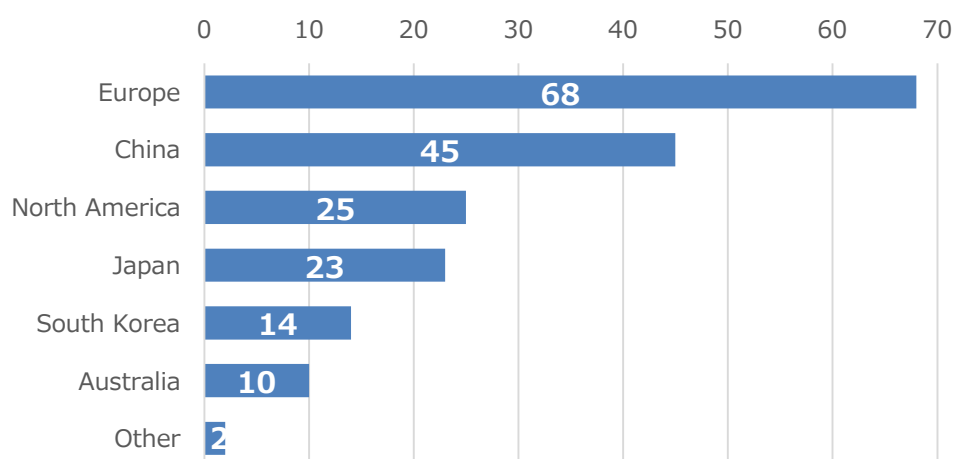


Fig. 13: Regions where respondents were unable to obtain patents

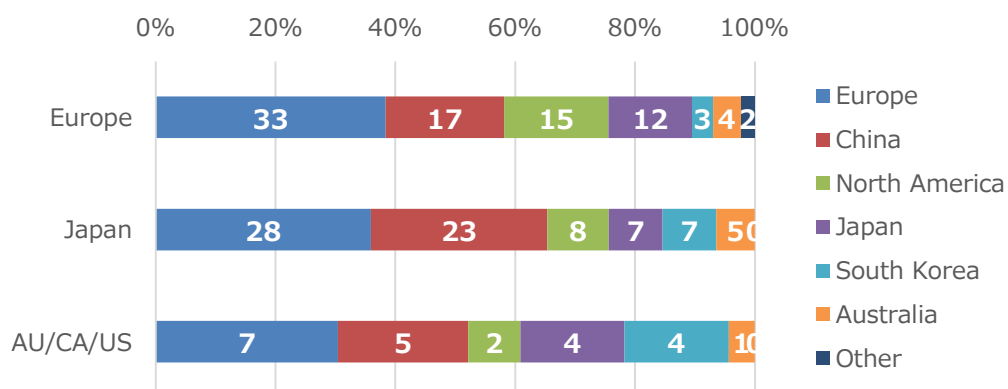


Fig. 14: Breakdown of answers by regions

technologies. The result described in Fig. 16 shows that many respondents cautiously made efforts to avoid infringing patent rights by, for example, checking patent information published by patent offices and consulting with experts.

Furthermore, the questionnaire asked those who responded that they used tech-

nologies disclosed by others whether they had ever been warned or sued for infringing patents because of using published technologies of others. Many respondents expressed that they had no trouble in using others' technologies as shown in Fig. 17.

However, a relatively large number

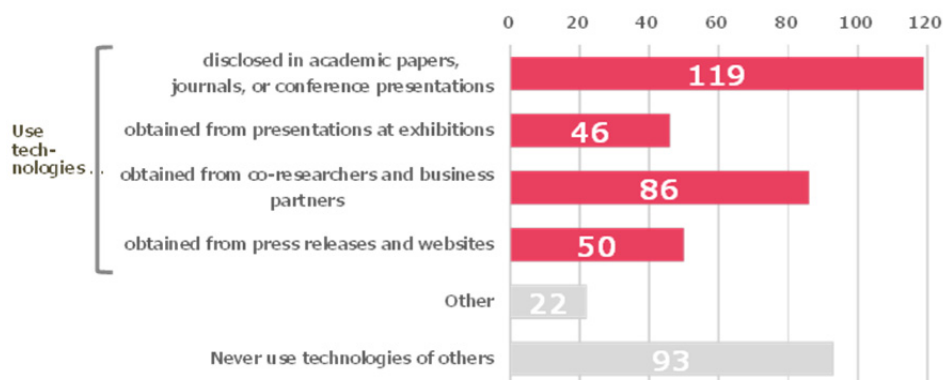


Fig. 15: Answers to “Do you ever use technology (ies) disclosed by others for your own inventions?”

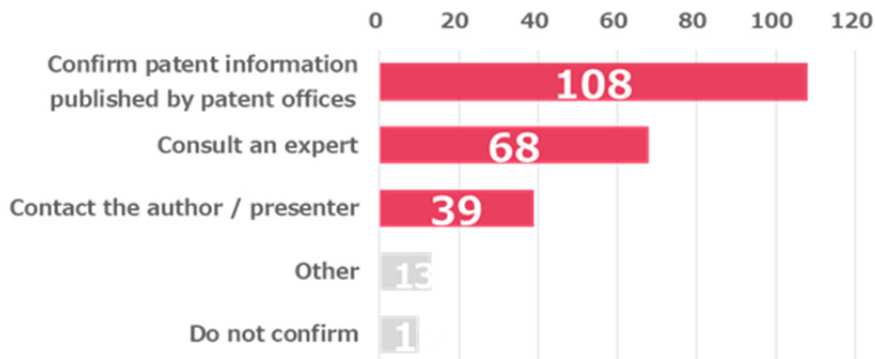


Fig. 16: Answers to “How do you confirm that there are no patent right infringements when using the contents of the presentation?”

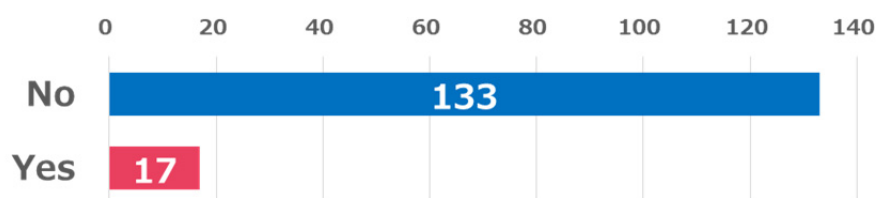


Fig. 17: Answers to “Have you ever been warned or sued for patent infringement due to your use of someone else's published technology, thus making it impossible to continue using the technology?”

of SMEs and startups, patent professionals, and law firms responded that they had some trouble as shown in Fig. 18. Patent professionals and law firms were likely to have trouble because of their ways of doing business.

In addition, a relatively large number of European respondents have experienced some trouble as shown in Fig. 19. Further study may be necessary to analyze the reason.

3-3. Summary

The results of this study survey show the following three trends.

The first is many respondents have patent applications in mind and are conscious of not losing the novelty of their inventions. The basis for the first one is as follows. One is, as shown in Fig. 3, that about 70% of respondents expressed

that they would file patent applications as their first response when the questionnaire asked “What is your first response to the results of your research or product development in terms of your information disclosure policy?” Another is, as shown in Fig. 6, even respondents whose response was other than “file patent applications” as their first response, many of them were conscious of not losing the novelty of their inventions. For example, they were careful not to disclose the key parts of their inventions.

The second is, in reality, some respondents had to give up filing patent applications due to lack of funds and/or time, and such cases could have been avoided with a one-year grace period. The basis for the second is as follows. One is, as shown in Fig. 11, of those who responded that they wanted to file patent

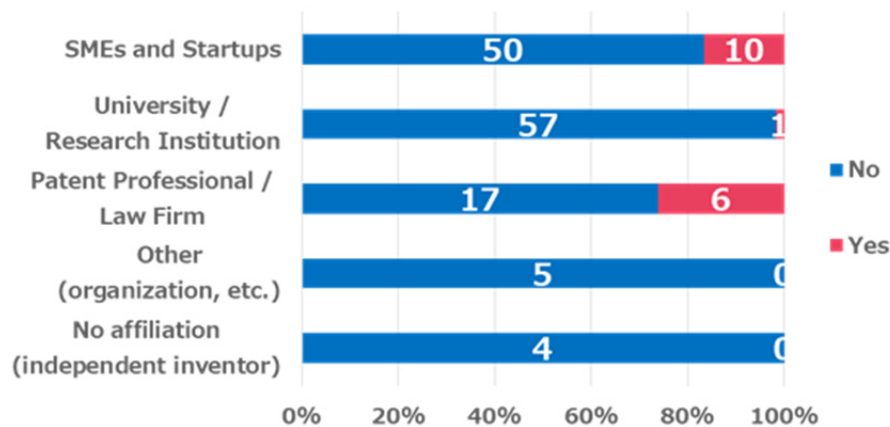


Fig. 18: Breakdown of answers by attributes

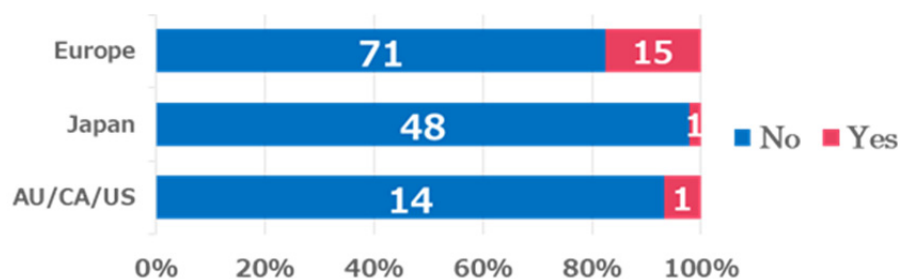


Fig. 19: Breakdown of answers by regions

applications but could not do so, about 60% expressed this was due to lack of funds and about 20% said this was due to lack of time. Another is, as shown in Fig. 12, more than half of the respondents responded that they could file patent applications if they had a one-year grace period.

And the third is many respondents are likely to rely on published technologies, but take specific actions to avoid infringing patents. As a result, there have not been so many conflicts. The basis for the third is as follows. One is, as shown in Fig. 15, that some respondents actually used technologies disclosed in academic papers, journals, conference presentations, and the like. Another is, as shown in Fig. 16, that many of respondents who used technologies disclosed by others for their own inventions cautiously made efforts to avoid infringing patent rights by, for example, checking patent information published by patent offices and consulting with experts. The other is, as shown in Fig. 17, nearly 90% of respondents expressed that they had never been warned or sued for infringing patents because of using published technologies of others.

Based on these findings, many respondents have patent applications in mind from the beginning and it seems that the need for the grace period is low. On the other hand, this study shows that in some cases, respondents had to give up filing patent applications; but that such cases could have been avoided with a one-year grace period.

In addition, from the standpoint of third parties, the presence of the grace period increases uncertainty of whether a published invention will be granted a

patent right. In this regard, the study shows that there have not been so many cases where conflicts actually occurred because many respondents who used technologies that had been disclosed by others had taken steps to avoid trouble. Given this, we believe that implementing the grace period is not likely to bring major disadvantages to third parties.

4. Way forward

As described above, the patent harmonization package was submitted by the Industry Trilateral. The details of the package was presented to the Group B+ members only. However, its embargo was lifted prior to the Group B+ meeting in October of 2021. Going forward, it is anticipated that based on this package, discussions in this regard will be held by a wide range of stakeholders in each country. The grace period is one of the key issues in this package as well. The Japan Patent Office would like to make use of the results obtained from the study in future discussions.

In October of 2021, Mr. Pascal Faure, Director General of the National Institute of Industrial Property of France (INPI), was appointed to Chair of the Group B+ meeting. Under the new Chair's leadership, we hope that the results of this study will advance the discussion based on practical perspectives of the grace period at the Group B+ meetings.

5. Acknowledgement

In conducting the study on the grace period, the JPO would like to extend our appreciation to the following offices and an individual for their great effort and cooperation in identifying the subjects

and distributing the questionnaires: the Federal Ministry of Justice and Consumer Protection of Germany (BMJV), the Canadian Intellectual Property Office (CIPO), the Danish Patent and Trademark Office (DKPTO), the Estonian Patent Office (EPA), the European Patent Office (EPO), the INPI, the IP Australia, the Finnish Patent and Registration Office (PRH), the Swedish Intellectual Property Office (PRV), the Intellectual Property Office of the United Kingdom (UKIPO), and the United States Patent and Trademark Office (USPTO), as well as Mr. Peter Strömbäck, former Chair of the Group B+ meeting, who led the Group B+ discussion over the past two years from 2019 to 2021 and expressed understanding for conducting the study.

(Notes)

- ¹ Records of the Diplomatic Conference for the Conclusion of a Treaty Supplementing the Paris Convention as far as Patents are Concerned,
https://www.wipo.int/edocs/pubdocs/en/wipo_pub_351.pdf
- ² Diplomatic Conference for the Adoption of the Patent Law Treaty,
https://www.wipo.int/meetings/en/details.jsp?meeting_id=4057
- ³ Standing Committee on the Law of Patents,
https://www.wipo.int/meetings/en/details.jsp?meeting_id=4203
- ⁴ WO/GA/31/9, https://www.wipo.int/edocs/mdocs/govbody/en/wo_ga_31/wo_ga_31_9.pdf
- ⁵ WO/GA/31/15, para. 142,
https://www.wipo.int/edocs/mdocs/govbody/en/wo_ga_31/wo_ga_31_15.pdf
- ⁶ Statement of Intent re: Patent Law Harmonization - 08FEB2005,
<https://www.uspto.gov/about-us/news-updates/statement-intent-re-patent-law-harmonization-08feb2005>
- ⁷ Group B+ website: <https://www.epo.org/law-practice/harmonisation/group-b-plus.html>
- ⁸ Public Law 112 - 29 - Leahy-Smith America Invents Act,

<https://www.govinfo.gov/app/details/PLAW-112publ29>

- ⁹ The Tegernsee process website:
<https://www.epo.org/law-practice/harmonisation/tegernsee-process.html>
- ¹⁰ Consolidated Report on the Tegernsee User Consultation on Substantive Patent Law Harmonization,
https://www.jpo.go.jp/news/kokusai/tegernsee/document/5_tegernsee/final_report.pdf
- ¹¹ Policy and Elements for a Possible Substantive Patent Harmonization Package,
[https://documents.epo.org/projects/babylon/eponet.nsf/0/9EF8B11CA78E51E8C1257E6D005706F4/\\$File/industry_trilateral_elements_paper_of_september_2021_en.pdf](https://documents.epo.org/projects/babylon/eponet.nsf/0/9EF8B11CA78E51E8C1257E6D005706F4/$File/industry_trilateral_elements_paper_of_september_2021_en.pdf)