

PRESENTATION:

**THE UNITED STATES'
SO-CALLED "GRACE PERIOD"**

Martin Adelman*

I want to follow up on Professor Straus' discussion. In my mind, it makes little sense not to have in a first-to-file system a grace period of some six months or a year. In order to understand why the United States does not have a grace period, we do not need everything that John Whealan discussed. Rather, you should slide down the words "grace period," insert section 102 (b) and there you'd have it.

However, let me address why you need a grace period and why it creates a legal uncertainty. Well, you need a grace period if the inventor publishes or discloses. You do not want a grace period if a third party does the same disclosure. So, if some one else discloses a day before, why should there be a grace period? Why shouldn't that be considered a bar, since the disclosure was done (by the third party) a day before the filing date? Well, the answer is, there is not a legitimate reason.

From my understanding, this is what creates legal uncertainty. There is no reference in the system concerning whether the grace period is dependent on whether it was derived from the inventor or whether it was a third party. Apparently that is where Phillips made the mistake. If they looked at the reference and thought it was a reference because it was before the filing date, they did not realize that it was the inventor's work. So in that sense, you have some uncertainty.

I was arguing, at a conference a couple of years ago, for a grace period under the European system, and I was viciously attacked by someone who is considered to be one of the great patent judges in London. I almost started to laugh because if you have been in the United States for a while, you know we have a lot of problems. Even though we have a lot of problems the country has not collapsed. If you want an uncertain patent system, we have it.

So, I will show you how to make uncertainty. Even though there was more bothering the judge than this petty issue, you could tell that he was serious about the issue. He went after me and said that what I said was so outrageous and so off the wall, that my words should be stricken from the record and that this was the kind of religious pervert that Professor Straus

* Professor of Law, Director, I.P. L.L.M. Program, George Washington University, Washington, D.C.

was talking about. However, I myself do not like legal uncertainty, and more so, I like clear rules rather than rules that are unclear. When you have to enforce justice you have to make some distinctions, and every time you make a distinction you create some legal uncertainty. So I am in full agreement with Professor Straus concerning that issue. That is why I believe a grace period of six months or a year in the European system would make sense.

Moving on, you have the question of what date the Paris Convention would probably pick to determine the grace period rather than the actual filing date. That is something that has been an important issue in Europe as Professor Straus mentioned.

Now, let us focus on the United States. I made the assertion that the United States is not a first-to-invent country. Rather, it is a first-to-file country. So, let's start with the need for a grace period. A first-to-invent system does not need a grace period because the work of the inventor can never be prior art. Afterall, it is the work of other inventors that is prior art. That is what first-to-invent system means. So, there is never a need for a grace period.

Now, if you have a first-to-invent system, you do not need a grace period, so you do not have any injustices of publication by the inventor (which can never be prior art). But there is another problem. There is never any need to file because you do not have to worry about your own work being prior art. You do not have to worry about subsequent inventors, since you are the first inventor and you can prove that you are the first inventor. You do not have to file until you believe that there is some who is infringing upon your rights. Maybe this can be achieved five to seven years down the road. What a wonderful system that would be. For example, you could file when you needed to, or otherwise would not need to worry about not filing. So, any real first-to-invent system has to fix that problem in some way.

So, what went wrong in the United States—and did it also occur in Canada? In the United States, we developed Section 102(b), which has this one-year period, which is called the “grace period.” Obviously, it is not a grace period, because it does not excuse things from being prior art. Rather, it is creating “prior art” that is not prior art under a first-to-invent system. So we developed a second source of prior art, which has almost taken over Section 102(b). John Whealan spent a lot of time giving you all of the details of Section 102(b), including all the various points. It is all very interesting. However it is irrelevant to a grace period discussion, in terms of knowing what Section 102(b) says concerning creating prior art out of a totally separate basis from the first-to-invent theory. It is true that it uses it as a measuring time, which is one year before the actual U.S. filing date, rather than Europe's one day before the Paris Convention filing date. In other words, in Europe it is anything prior to the Paris Convention filing date but in the United States it is one year.

I prefer the Paris Convention filing date because it is one year before the actual U.S. filing date. If you take that date and then look at Section 102(b), you have a section that looks very much like the prior art section of the European Patent Convention. In fact if you look at patent practice in the United States, you will find that most practitioners rely on Section 102(b) when they analyze a patent and try to determine whether or not it is valid. If it does not fit under Section 102(b), you want to look at legal uncertainty. If it is in publication before the filing date, but less than one year—in other words in “no-man’s land”—it may or may not be prior art. So, it is only prior art when it is filed more than a year before the filing date that most practitioners rely on.

It is not desirable when you have to look for prior art that is filed before the filing date but is not filed a year before the actual filing date. So, looking at that system, I hear Europeans constantly saying, “Well, we cannot harmonize with the Americans. The Americans have this uncertainty.” But if you look at 102(b) and then look at the European system, both are very similar. We can make some changes, but for patents and publications it is the same.

So I could easily see the possibility of some arrangement where the Europeans have a real grace period and the United States in return, could switch Section 102(b) from being based on a one-year filing date to a date six months before the Paris Convention filing date. You might be able to have some compromise. Prior art under both systems will be quite similar. Indeed we will be discussing this issue in the advance patent sessions in the following week.

One of my goals is to make sure that everybody walks out of here knowing that we do not have a grace period. They will know that we have a first-to-file system, and they will see how that first-to-file system has a little overlay of the first-to-invent system that we religiously hold on to for political reasons. Anyway, it does not really matter. It is not very important when you compare it to issues of corporate disclosure, proper enablement in biotech cases, or non-textual infringement issues. These are vastly more important to the operation of a modern patent system.

Well, I think I will stop there. Thank you.