

KEYNOTE ADDRESS:

**RETHINKING THE GRACE PERIOD:
A USPTO PERSPECTIVE**

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I. INTRODUCTION

A grace period refers to the amount of time that is permitted between the disclosure of an invention and the filing of a patent application on that invention.

The grace period provisions in United States patent law are extremely important to the scientific community in facilitating the early dissemination of research results without forfeiting the right to obtain a patent for an invention.

The grace period also protects entities that possess limited resources by allowing them to validate the commercial viability of an invention after publication or public disclosure of the invention before making significant expenditures towards obtaining patent protection.

II. OVERVIEW OF UNITED STATES PRACTICE

In the United States, a one-year grace period exists. This means that an inventor has one year in which to file a patent application after publishing his/her invention anywhere or using or selling his/her invention in the United States. If the inventor delays and waits longer than one year, he/she will be permanently barred from obtaining a patent.

For example, if an inventor publishes details of his/her invention in the United States and then subsequently files a patent application for the invention within one year, that publication will not bar the inventor from obtaining a patent.

Furthermore, if a third party publishes a disclosure of the same invention within one year before the patent application filing date, that publication will not bar the inventor from obtaining a patent in the United States, provided the inventor files an affidavit establishing the date of invention prior to the date of that disclosure.

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In addition, if an applicant sold an invention in another country more than one year prior to filing a patent application in the United States, the application will not be barred by the sale.

III. RATIONALE BEHIND GRACE PERIODS

In the United States scientific community, well-established traditions encourage open and free communication through early publication and dissemination of the results of scientific research. Nevertheless, prior public disclosure of an invention serves as the most fundamental bar to the ability of an inventor to obtain patent protection.

The U.S. grace period provides a compromise between these two opposing principles, by granting an explicit right of an inventor to prevent the patent defeating effect of an earlier publication or disclosure of the invention for one year following the disclosure.

This grace period is critical to the scientific community because it facilitates early dissemination of research results, while preserving the patenting opportunity of the inventor for a reasonable period of time.

Grace periods are also critical to protect entities with limited financial resources for speculative patent application filing and prosecution. Some time after publication or other public disclosure may be necessary for these entities to validate the commercial viability of an invention. For example, finding a prospective licensee may be a precondition to making a significant financial commitment toward obtaining patent protection for that innovation.

The U.S. grace period helps to ensure access for independent inventors, small entities and others who may have limited financial resources to the benefits of U.S. patent protection. It also protects against inadvertent loss of U.S. patent rights during the initial period of testing or promotional activities.

The absence of parallel protection for the inventor who has published or otherwise has publicly disclosed the invention abroad has caused many U.S. inventors to unnecessarily or inadvertently forfeit their patent rights.

IV. APPROACHES OF SOME U.S. TRADING PARTNERS

Despite the wide acceptance of grace periods within the U.S., many of our trading partners have taken a different approach.

Under the Paris Convention, members of the treaty are required to provide some protection against prejudicial disclosure of inventions at officially recognized international exhibitions held in the territory of any Paris Union country.

However, because member countries are free to vary widely in their grace period provisions, grace periods of members vary from country to country.

For example, under the present European practice, all Member States of the Community practice absolute novelty, whereby an invention cannot be patented due to a lack of novelty if the public has had any knowledge of it in any way before the patent application was filed. The criterion used to assess the novelty of an invention in Europe is the state of the art, which comprises everything made available to the public by means of a written or oral description or by use or other means prior to the application filing date.

However, the European absolute novelty principle is modified to some extent. Within six months preceding the filing of a patent application, a disclosure of an invention is not taken into consideration if it was due to a breach of the patent applicant's confidence or disclosure because of display by the applicant at an official international exhibition.

Some commentators claim that the absence of grace periods in Europe is particularly damaging for scientists and other innovative groups because of the failure to publish or the late publication of papers on patentable subjects. The patentability of these inventions would be excluded because of the absence of novelty if they were published in a timely manner.

On May 14, 1998, the European Parliament proposed legislation that would introduce a grace period into European patent law. Under this legislation and a provision of Directive 98/44/EC of the European Parliament, the European Commission was required to send the European Parliament and Council a report assessing the implications for basic genetic engineering research for failure to publish or the late publication of papers on subjects that could be patentable. The outcome of the European initiative is unknown at this time.

Japan has also addressed the issue of grace periods. Japan provides a six-month grace period to file a patent application in situations where the inventor conducts an experiment, makes a presentation in a printed publication, or makes a written presentation to a study meeting of a body of the government patent office.

In Japan, this limited grace period is tied to a geographical limitation. The disclosure must become known in Japan in order to qualify for the six-month grace period under Article 30 of the Japanese patent law.

Amendments to Japanese patent law Articles 29 and 30 are expected to come into force this year. The amendment to Article 29 will eliminate the geographical limitation on the grace period. The amendment to Article 30 will extend the six-month grace period to situations in which the invention is presented through telecommunications lines.

Canada amended the Canadian Patent Act in October of 1989 to include a Canadian grace period modeled on the WIPO draft treaty international grace period. If harmonization occurs in accord with the WIPO draft treaty, it is likely that an international grace period will be included as well.

V. CONCERNS ABOUT GRACE PERIODS

Grace periods have received a great deal of attention in the last couple of years. For example, in 1998 the European Commission had a hearing to obtain public comment on grace periods. At this hearing, some participants raised fears of competitors taking advantage of a publication during the grace period by either filing their own patent application or by asserting prior user rights. Furthermore, concerns were raised about Europeans losing patent rights due to a statutory bar in the United States.

Opponents of grace periods have also objected to a legal uncertainty that is allegedly caused by grace periods. One example of uncertainty that may result from the grace period is when patentable subject matter is published by a first party, and a second party copies the subject matter of that article, not knowing if a patent application will eventually be filed.

Those in favor of a European grace period mentioned that independent inventors and small to mid-sized companies would benefit, because they often lose patent rights since they do not realize that they have patentable subject matter until after disclosure, or after they are forced to disclose in order to obtain a partner in research.

Others in favor of a grace period stated that it would facilitate the dissemination of technology because secrecy would not have to be maintained until the patent application is filed.

VI. INTERNATIONAL INITIATIVES

Although attempts to provide an international grace period have occurred at various times in the past, there is currently no international grace period.

The London and Lisbon Revision Conferences of the Paris Convention failed in 1958, 1963 and 1975. In addition, the International Association for the Protection of Industrial Property (AIPPI) recommended that an international grace period be implemented by a provision of the Paris Convention or by an international treaty, in 1980 and 1982.

WIPO has subsequently convened a committee of experts in numerous meetings with the objective of drafting a treaty for the international harmonization of patent law.

The most important international initiative was the proposal to include an international grace period in the WIPO patent law harmonization treaty in 1990. Despite the efforts of all of the members to conclude the treaty, they did not succeed. Discussions of other substantive harmonization issues have been placed on the back burner.

Nonetheless, this proposal is worth discussing and will hopefully be included in future WIPO sponsored harmonization efforts. A key provision of the WIPO draft treaty mandates that all patent systems subject to the Draft Treaty recognize an international grace period for allowing an applicant to

file a patent application. This provision would allow an inventor to wait up to twelve months after public disclosure of his invention before filing a patent application without affecting the patentability of his invention.

The grace period that was incorporated into the draft treaty extended only to acts of public disclosure made by the inventor or another party who obtained the disclosed information (directly or indirectly) from the inventor. This proposed grace period would not apply if a third party independently discloses the invention to the public.

Incorporating a grace period in the harmonization treaty in which the U.S. participates would be extremely beneficial to U.S. inventors.

VII. CONCLUSION

The United States supports open communication and the early dissemination of scientific research.

The United States seeks to protect independent inventors, small entities and others who have limited financial resources against inadvertent loss of U.S. patent rights during the testing and promotion of their new inventions. These entities need full access to the benefits of the patent system.

The United States understands that effective grace period provisions address these needs.

Accordingly, the United States encourages other countries to adopt a grace period.

The current lack of an international grace period is a significant detriment to U.S. inventors because it results in the loss of patent rights outside of the United States.