



April 15, 2016

Sylvie Strobel  
Lawyer, European and International Legal Affairs, PCT | Dir. 5.2.2  
European Patent Office  
Bob-van-Bentham-Platz 1 | 80469 Munich | Germany  
Tel. +49 (0)89 2399 5258

Via email: [sstrobel@epo.org](mailto:ssstrobel@epo.org)

**RE: IPO Comments on Group B+ Draft Report on Non-Prejudicial  
Disclosures / Grace Period, Rev. 2, March 23, 2016**

Dear Ms. Strobel:

Intellectual Property Owners Association (IPO) submits the following comments in response to the “Group B+ Draft Report on Non-Prejudicial Disclosures / Grace Period,” Rev. 2, March 23, 2016 (“Report”).

IPO is an international trade association representing companies and individuals in all industries and fields of technology who own, or are interested in, intellectual property rights. IPO’s membership includes more than 200 companies and more than 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members. IPO membership spans 43 countries.

IPO members file many thousands of patent applications globally each year under a patchwork of foreign laws. This process is enormously burdensome and expensive because of complex and different rules for obtaining patent rights. Moreover, as manufacturers, many of our members must assess the scope of patent rights granted to others throughout the world. Patent rights issued from national offices on the same application often differ, creating uncertainty in terms of validity or scope. This makes it difficult to decide whether owners should invest in new products and processes when such uncertainties could result in unnecessary litigation.

IPO strongly supports efforts to harmonize the substantive requirements of the world’s patent laws in ways that address these concerns. For many years, IPO has advocated for and supported international efforts to reduce the expense for innovators to obtain patent rights globally and provide more certainty about those rights. Further, we believe that effective harmonization of patent laws should begin by selecting the “best practices” for harmonized international patent laws.

IPO’s positions set forth below encompass the broad goals and actions that we believe can achieve maximum international cooperation on patent matters.

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**Mark W. Lauroesch**

## **Non-Prejudicial Disclosures - Grace Period**

### **1. Preliminary Comments**

In a few places in the Report there are references to what the Industry Trilateral Group (“IT3”) might have agreed on, including the page numbers from a document titled “Industry Group Report to Group B+ Harmonization SubGroup” 2016 February 22. It is critical to note that the cited Industry document has at its final page the following:

\*Negotiated Elements have not received Final Approval. “Possible alignment” and “Elements To Be Included as part of a Package” are subject to review of all elements as a full package, and subject to the final approval by the competent bodies of each Industry Group organization.

Thus, for example, the language in paragraph 125 of the Report, which states “there is *emphatic* agreement within the IT3” (emphasis added), over-states things. *See also* the discussions below on declaration and derived third party rights.

### **2. Function of the Grace Period**

Most of our corporate members, especially those who obtain patents internationally, have operated for many years as if all countries had a first to file system and no grace period. This is done voluntarily to be assured that they could obtain foreign rights in addition to rights in the United States. Nevertheless, even among our most sophisticated corporate members, situations arise where they must rely upon a grace period exception to obtain patent protection on an important invention. Regretfully, not having a corresponding grace period in other countries when these situations arise causes significant loss of patent rights worldwide.

Such situations have arisen when conducting joint research with universities or research institutes that are outside the control of a corporation’s patent department. Similar situations arise with collaborations among multiple companies from multiple countries, or when accommodating the need for disclosure during trials or when public experiments are required. Each of these situations increases the risk of there being an inadvertent disclosure of patentable subject matter that would bar an applicant from obtaining global patent protection absent a grace period exception.

For universities, individual persons, and small, medium, and large entities alike, patent rights might be lost due to human error. Occasionally loss of rights can occur through a breach of confidence, or an unplanned disclosure at a trade show, or a disclosure during business negotiations. In such situations, failure of any one country to include a grace period within its patent system can be a serious limiting factor in the success of a startup company or in connection with cutting edge research activities.

The existing “patchwork” disparity among countries around the world regarding the availability of grace period, timing of grace period, extent of grace period, and numerous other grace period differences, presents legal and business challenges, and risk for all users of the patent system.

IPO's position is that the grace period balances the goals of the patent system and the needs of the user community. It provides protection for inventors against the consequences of breach of confidence, theft of information, and inadvertent disclosures. A very significant aspect of the grace period is that it should protect the inventor who first disclosed his invention from a subsequent disclosure of his invention by third parties having derived knowledge of his invention from him, before the inventor files. Furthermore, as a minimum it has a safety net function permitting the inventor to lessen the risk of disclosure to third parties by protecting him from his own disclosures should they proceed to file.

Regarding the function of the grace period detailed in the Report, one would question the premise under paragraphs 15, 27, and 256 regarding legal certainty, social cost, and destabilizing effects. Because patent applications are not published for 18 months, third parties already face legal uncertainty. Due to this delay in publication, there is very little difference in certainty for a third party between an applicant filing on day one and publishing on day two, versus publishing on day one and filing on day two.

A third party who relies on a publication as being part of the public domain faces the risk that an application has been filed, whether or not there is a grace period available. Paragraphs 17 and 257 fail to recognize this point. Taken to their extreme, the social cost and destabilizing effect arguments actually would have the applicant wait to file any publication until after the patent application publishes to avoid any argument that the invention has been made available to the public.

Indeed, the function of the grace period should be to protect pre-filing disclosures by the inventor, without focusing on the intention of the discloser. IPO agrees with paragraph 106:

All disclosures of the invention of the applicant by him (or his predecessor in title) which may potentially form prior art should be graced, regardless of the type of disclosure or its circumstances.

Similarly, any inventor who deliberately publishes before filing faces significant risk as well. Because of the limits on the grace period, where others can build on the disclosure, no patent practitioner would recommend that someone publish his invention before filing. Any system that requires a focus on the purpose of the disclosure, however, will be non-productive in the end.

### 3. Declarations

The top of page 36 of the Report states that the IT3 have agreed that the applicant should have the obligation to file a "statement," and page 51 lists this as an "Area of convergence." This over-sells the IT3 position.

IPO believes that a mandatory declaration imposes an undue burden on the applicant and creates disparate results depending on the litigation regime in the country. Further, it increases costs and has already been shown as being unnecessary in countries that have had a grace period with no declaration requirement (i.e., U.S. and Canada). To the extent a disclosure is cited during

examination that pre-dates an applicant's priority date, the applicant can respond by showing evidence of the disclosure's origin and that it falls within the grace period exception.

However, IPO has agreed that, if known, a statement about a publication would be appropriate, but the IT3 have not been able to agree on what "if known" would mean for an applicant. Thus, on this issue, we would want to define what it means for an applicant to know about a disclosure. When the applicant is a multinational corporation and not an individual determining when something is "known" might be difficult at best. We are wary of unintended consequences here, especially as they might play out in subsequent litigation.

Further, failing to disclose a graced publication during patent prosecution should not in any event lead to loss of patent rights.

#### 4. Prior User Rights

IPO strongly believes that prior user rights should not extend to information derived from an applicant's publication during the period between the graced publication and the application filing date. There are at least two sections of the report, however that indicate the opposite to be an agreed upon IT3 position. *See* the top of page 48, and the final paragraph under "Areas of convergence" on page 51.

It is important not to read too much into the cited IT3 paragraph. The language "may qualify" qualified that paragraph which is not reflected in the report. Consequently, to avoid any future misinterpretation, in further iterations with the IT3, IPO would remove support for the statement. We also disagree with the position in paragraph 253.

#### 5. Duration

IPO favors a twelve-month duration measured from the earliest priority date of an application. Maximizing the duration of a grace period is appropriate in this age of frequent and sophisticated computer security breaches where the discovery that an unauthorized disclosure occurred and the forensics to determine the scope of a theft of information is increasingly difficult and time consuming. Counting from an application's earliest priority date is appropriate for an internationally consistent grace period. In contrast, counting from a national filing date is essentially a trap for the unwary, as applicants used to relying on the Paris Convention period will not understand that they will need to file internationally in all countries for which they wish to take advantage of the grace period.

#### 6. Mode of Disclosure

IPO believes the mode that information is disclosed should make no difference, whether in writing, orally, picture, video, display, sale, or use. The same grace period should be available for all modes of disclosure in all countries.

INTELLECTUAL PROPERTY OWNERS ASSOCIATION

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IPO believes that the issue of harmonizing a grace period in an international treaty is one of the most significant of all aspects of patent harmonization. We thank you for considering these comments and would welcome any further dialogue or opportunity to provide additional information to assist in future efforts on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark W. Lauroesch". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Mark W. Lauroesch  
Executive Director