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March 20, 2013

Hon. Teresa Stanek Rea  
Acting Under Secretary of Commerce for Intellectual Property  
and Acting Director of the USPTO  
600 Dulany Street  
P.O. Box 1450  
Alexandria, VA 22313

Re: **Notice of Public Hearing and Request for Comments on  
Matters Related to the Harmonization of Substantive Patent  
Law, 78 Fed. Reg. 7411 (February 1, 2013)**

Dear Director Rea:

Intellectual Property Owners Association (IPO) submits the following comments pursuant to the USPTO's "Notice of Public Hearing and Request for Comments on Matters Related to the Harmonization of Substantive Patent Law, 78 Fed. Reg. 7411, (the "Federal Register notice").

IPO is a 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 members file many thousands of patent applications globally each year under a patchwork of foreign laws, a process that is enormously burdensome and expensive because of complex and different rules for obtaining patent rights. Moreover, as manufacturers, many of our members must try to assess the scope of patent rights granted to others throughout the world. Patent rights issued from the USPTO and other 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.

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

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IPO positions are set forth below on each of the four areas described in the Federal Register notice along with further comments on issues not specifically addressed in the notice. These positions encompass the broad goals and actions that we believe can achieve maximum international cooperation on patent matters.

### **1. Grace Period**

Most of our corporate members, especially those that are internationally oriented, have been operating under a first to file system for many years without relying upon any grace period in order to be assured that they obtain foreign rights in addition to those to be obtained in the United States. Nevertheless, even among our corporate members, there are situations which arise where they must rely upon a grace period in order to assure them of patent protection. Not having a corresponding grace period in foreign countries causes them a significant loss of patent rights worldwide.

Such situations may arise in conducting joint research with universities and/or research institutes, conducting research with other companies, especially foreign companies, as well as accommodating the need for disclosure during trials and/or public experiments that may be required. Each of these situations increases the risk of there being an inadvertent disclosure of patentable subject matter that bars the owner from being able to obtain global patent protection.

Additionally, for non-corporate members of our organization, the need for such global grace period may be even more significant. Patent rights may be lost through error on the part of the inventor or the person entitled to file or an employee. Occasionally, loss of rights occurs through breach of confidence, disclosure at trade shows, or disclosure during business negotiations. In such situations, failure of a 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 in connection with availability of grace period, timing of grace period, extent of grace period, and numerous other grace period differences, present legal and business challenges as well as risks for these businesses.

IPO’s position is that the grace period provides a balance between the goals of the patent system and the needs of the business community. It protects 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 protects 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.

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Although IPO is aware that the new AIA includes a “first to disclose” type of grace period, IPO would seek as part of an international treaty that the grace period should protect the inventor from his disclosure or those who derive a disclosure from him as being prior art against his filing. However, it should not exclude from the prior art disclosures from third-party inventors who may have also disclosed prior to the patent application filing by the first to disclose.

As part of an international grace period, IPO would not want to include the requirement of submitting declarations or similar procedures as mandatory for invoking the grace period. It is believed that imposes undue burdens on applicants, increases costs, provides further “pit falls” for mistakes and errors, and has already shown as being unnecessary in many countries that have such grace period without the need for a declaration, such as the US and Canada. To the extent an examiner cites such pre-filed disclosure during the prosecution, the applicant can address such declaration at the time showing evidence of his originating the disclosure or having such disclosure being derived from him.

It is believed that such an international type of grace period included within a treaty should be a 12 month grace period and such grace period should be counted prior to the priority date where such is claimed. Having the grace period limited to being counted before the national filing date turns the grace period into a national law without giving international benefits. Furthermore, the mode of disclosure, whether in writing, orally, sale or use, should make no difference. The same grace period should be available for all modes of disclosure.

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.

### **2. Publication of Application**

In connection with 18 month publication, IPO has had a long standing position supporting publication of all patent applications 18 months after filing. Furthermore, IPO has also had a long standing position favoring publication of all applications filed at the USPTO at 18 months and eliminating the “opt-out” option to create transparency of all filed applications.

### **3. Conflicting Applications**

IPO believes that conflicting applications should be relevant for examination of both novelty and inventive step/obviousness, but not where the applications were filed by the same applicant (anti-self-collision applies). It is believed that this provides the best balance between applicants and third parties. On the one hand, due to the anti-self-collision provisions, an applicant who comes up with a new invention will have the opportunity to fill in other aspects of the invention by obtaining related patent applications to thereby adequately cover his inventive contribution. It is believed that this is especially important in a first-to-file system where applicants will be expediting their filing as much as possible. As related research continues, the applicant will then be able to fill out his invention with other variations and

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embodiments in subsequent applications, thereby providing adequate protection for his initial inventive contribution.

IPO believes, however, that the US practice of terminal disclaimers would be important when the same applicant seeks a non-patentably distinct invention from his previous filed invention. While the ability to fill out an inventive concept in subsequent applications is significant, it is believed detrimental to the public to extend the monopoly beyond that granted by the first such filed inventive concept.

At the same time, applying the conflicting application against others for both novelty and obviousness purposes will prevent others from rushing in with closely related inventions, often filed after learning about the initial inventive concept. It will force them to provide patentably distinct inventions from the initial filed inventive concept.

This will prevent a “thicket” of patent applications owned by multiple parties relating to a single inventive concept, which would then cause difficulties by requiring multiple licenses, multiple negotiations, and numerous impediments to be able to effectively practice a new innovative concept.

With respect to Patent Cooperation Treaty (PCT) applications, it is believed that the prior art effective date of the conflicting PCT application should be the international filing date or the priority date, if claimed, and should be applied as prior art once the application was published under the PCT, regardless of the language of publication. And, it should be applied as prior art in all Designated States, whether or not the national phase is entered. As a consequence, this would enable a much earlier determination of the patentability of an invention contained in a subsequent application. It is believed this would improve the quality of a search and examination and avoid the possibility of conflicting applications issuing into patents only to be subsequently challenged in the courts.

#### **4. Prior User Rights**

IPO has long held the position in support of prior user rights to all fields of technology. Such rights should begin upon substantial preparation of the working invention, and should not require a one year reduction to practice requirement. In addition, IPO has long supported making the defense available not only to the person who performed or caused the performance of the acts necessary to establish the defense, but also any other entity that controls, is controlled by, or is under common control of such person.

IPO further believes that as part of a harmonization treaty, the exceptions to the defense for patents owned by or assigned to universities or affiliated technology licensing organizations should be eliminated.

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IPO thanks the USPTO for considering these comments and would welcome any further dialogue or opportunity to provide additional information to assist in the Office's efforts on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'R.F. Phillips'.

Richard F. Phillips  
President