

# **European Common Consultation on User Proposals for Substantive Patent Law Harmonisation**

## **Part I: Consolidated Report**

**Participating delegations :**

**BE, CH, CZ, DE, DK, EPO, ES, FI, FR, GR, HR, HU, IE, IS,  
IT, NL, PL, PT, SE, SI, UK**

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## Executive summary

Based on a Common Consultation Document prepared by the EPO, national consultations of European users were carried out by 20 member states in April and May 2022, and the EPO was entrusted with the collating, reporting and analysing of pan-European results in a consolidated report.

There were a total of 107 responses to the consultation, with 62 individual respondents from 14 member states taking part in the survey. Moreover, 45 user associations from 16 member states representing all regions of Europe participated, giving the consultations the critical mass necessary to provide useful outcomes worth discussing. Throughout the report, results were segregated depending on whether they emanated from user associations or individual respondents, and analysed separately.

Stakeholders in Europe support continued efforts on international harmonisation, with 80% of user associations and 84% of individual respondents stating that international SPLH is either “very important” or “important”. Thus, continuing with the SPLH process would be in line with the wishes and perceived needs of their users. Moreover, European stakeholders wish to see harmonisation at a sufficient level of detail to ensure consistent and predictable outcomes across jurisdictions.

Of the 45 user associations which responded, 28 or 62% were in favour of a grace period – most of them conditionally, 11 or 25% of them were against the grace period. Only one association (2%) was unconditionally in favour of a grace period, whilst 6 user associations or 13% did not know/did not answer.

Overall, 23 or 51% of the user associations supported the grace period, subject to the condition that it be defined as a safety-net. Likewise, the positive response of 17 (38% overall) was predicated on the grace period being itself internationally harmonised. Finally, of those 28 user associations favouring the grace period, 13 or 29% supported a grace period only if both conditions were met: an internationally harmonised safety-net.

This signifies that if a broad, unrestricted grace period were to be proposed as a model for harmonisation, focusing on the user associations as representing an important cross-section of European stakeholders, one could project that it would in all likelihood be opposed not only by the 25% of user associations who are against the grace period, but also perhaps by the 51% whose support is conditional on safeguards creating a safety-net, for a total of 76% of respondent European user associations. This constitutes important input for future SPLH discussions.

The results of the survey, including the ratings of the packages and sets of norms, were consistent in terms of the support of respondents for a safety-net grace period: packages fared well in the ratings when they proposed features associated with a safety-net grace period.

The FICPI package received the highest number of positive ratings both as a whole and for the sets of norms amongst user associations, whereas the IT3 Elements Paper received the lowest number of positive ratings as a whole and for the sets of norms from all respondents (with the

exception of the sets of norms on the grace period, where they received the highest rating from individual respondents).

However the IT3 Elements Paper was chosen as the preferred package on which to base further harmonisation efforts by the highest number of respondents, whereas the FICPI Proposal ranked second and the AIPPI Resolutions were last in this regard.

Thus, there was some inconsistency between the ratings of the respective packages and the choice of a preferred package (IT3), which could be explained by (a) sheer complexity, (b) a presumption that the preference for the IT3 package did not necessarily demonstrate a positive support for the proposals it contained but, for a significant number of respondents, a means to reject the other two proposed harmonisation packages, and also (c) the fact that the IT3 package was the only one to propose a declaration requirement and accelerated publication, which found favour with respondents who privileged a grace period defined as a safety-net with features to minimise legal uncertainty, but who also in their comments suggested how these concepts should be otherwise defined.

None of the proposed packages received the support of a majority of respondents.

None of the packages were considered acceptable “as is” by a majority of respondents as a way forward for SPLH, but all three were considered by some user associations as well as individual respondents as a suitable starting point for further discussions.

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## **ANNEX 1: List of user association respondents**

# 1. INTRODUCTION

## 1.1. Introduction and background

1. Since 2014, the Industry Trilateral (IT3), composed of representatives from the American Intellectual Property Law Association (AIPLA), the Intellectual Property Owners Association (IPO), BusinessEurope and the Japan Intellectual Property Association (JIPA), has been working on a proposal for a package of norms which could form the basis for international substantive patent law harmonisation (SPLH).
2. The Group B+ is an informal forum composed of around 45 industrialised countries, as well as the European Commission and the EPO, which has been working on substantive patent law harmonisation, and has been providing input to the IT3 throughout their ongoing efforts.
3. In September 2020, the IT3 presented to the Group B+ delegations an updated version of their “Elements Paper”, but did not release it for public distribution until September 2021. It contains their unfinished and not-yet-agreed draft proposal for a package of norms. Nevertheless, given the considerable investment of the IT3 in this work and the innovations which the paper contains, at its plenary meeting on 5 October 2021, the Group B+ considered it appropriate and helpful to the process to consult stakeholders on their views, and decided to devote the 2021-2022 work cycle of the Group to national user consultations.
4. On 24 November 2021, at a meeting of the EPO’s Committee on Patent Law, the member states agreed that there should be a concerted consultation of stakeholders in Europe, based on an agreed Common Consultation Document (see Annex I), so as to yield data which could be consolidated and compared, to have a European overview of stakeholder positions.
5. However, the Elements Paper is not the only user input on the table. In 2018, in response to developments within the Industry Trilateral/Group B+, the International Federation of Intellectual Property Attorneys (FICPI) issued a paper entitled “FICPI Position on Patent Law Harmonization (Group B+)”, encompassing proposed norms on the grace period, conflicting applications and prior user rights.
6. Finally, over the years, and also partly in response to developments within the Industry Trilateral/Group B+, the International Association for the Protection of Intellectual Property (AIPPI) produced a set of relevant Resolutions on: the grace period (2013); prior user rights (2014); publication of patent applications (2016); and conflicting applications (2018). The European delegations took the view that, although these Resolutions were not formally consolidated, considered together, they could be regarded as a package. Also, since the Resolution on conflicting applications was passed in 2016 to complete the positions of the AIPPI with regard to SPLH topics, the fact that the other relevant Resolutions were not revisited seemed to point to a continuing consensus on these other issues.
7. The European delegations thus decided to extend the consultation beyond the IT3 Elements Paper to both the FICPI Proposal and the AIPPI Resolutions. These user proposals are all

detailed, complex and voluminous, and both linked to and summarised in tabular form in the Common Consultation Document (CCD) annexed.

## **1.2. Method**

8. Member states were free to decide whether to engage in national consultations or not. A total of 20 member states participated in the exercise (BE, CH, CZ, DE, DK, ES, FI, FR, GR, HR, HU, IE, IS, IT, NL, PL, PT, SE, SI, UK) and all followed their own national procedures to do so. The EPO being a supra-national European association, it was deemed that the EPO would be its natural interlocutor, and the EPO thus consulted the EPI. It was agreed that BusinessEurope as such would not be consulted, as they were the co-authors of one of the user proposals. The EPO would not run a parallel consultation, in order to avoid duplication of responses, or a diversion of responses from the member states.
9. It was decided to simplify the consultation by eliminating the elements of SPLH which are non-contentious (definition of prior art; mandatory 18-month publication), where the user proposals are all essentially aligned with the EPC. The consultation therefore focused on the grace period, conflicting applications and prior user rights. The consultations in the member states began in early April, and were concluded at the end of May 2022.
10. National reports on the consultations were drawn up, the intention being to give a snapshot of the stakeholders' positions in the individual member states, and the EPO was entrusted with drawing up a consolidated report, pulling together all the responses contained in the raw data forwarded in anonymised form<sup>1</sup> by the member states and compiling pan-European statistics as well as an analysis of the results.

## **1.3. Purpose of the Consolidated Report**

11. SPLH issues, and in particular those concerning the grace period, are contentious within Europe, both amongst delegations and stakeholders. The main purpose of the report is to allow users who have not been involved in the SPLH process to give their feedback, allowing European delegations to take their views into consideration in fashioning their own positions, and promoting evidence-based discussions. It is hoped that the report will be of assistance in attempting to build a consensus within Europe on SPLH issues, amongst stakeholders and delegations alike, to be able to approach these issues constructively and ensure that ensuing decisions are good for Europe.
12. Whether further work proceeds on the basis of one of the packages considered here or on a different basis altogether, the substantive input here should serve to guide the SPLH process by highlighting what might be susceptible of consensus within Europe and what is unlikely to be acceptable as part of a compromise from the perspective of large swathes of European users.

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<sup>1</sup> As far as individual entities were concerned. Some user associations identified themselves, and a list of user associations was drawn up after obtaining their consent to be named, to give an idea of the number of users thereby represented.

13. This report presents charts and statistics to better convey the results of the consultation. However, it should be borne in mind that the sample was rather small, and that the methodology used to arrive at this feedback was also not uniform throughout the participating member states. Nevertheless, the report allows to discern important trends in Europe with regard to the issues being discussed within the SPLH process.

## 2. CONSOLIDATED EUROPEAN RESPONSES

### 2.1. Participation

14. The user consultation was carried out in 20 member states. A total of 107 responses were received from 19 contracting states and the EPO, 62 from individual respondents, and 45 from national stakeholder associations<sup>2</sup> and the epi. One member State (SI) ran a consultation, but received no responses. The distribution of responses per member state is included in the table below.

Delegation	Total no. Responses	Individuals	User Associations
BE	1	1	0
CH	12	6	6
CZ	8	7	1
DE	5	1	4
DK	4	1	3
ES	11	8	3
FI	2	0	2
FR	15	12	3
GR	5	5	0
HR	6	5	1
HU	8	3	5
IE	5	2	3
IS	1	0	1
IT	2	0	2
NL	2	0	2
PL	9	7	2
PT	1	1	0
SE	2	0	2
SI	0	0	0
UK	7	3	4
EPO (epi)	1		1
<b>Total</b>	107	62	45

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<sup>2</sup> One written submission sent to a member state by a 46<sup>th</sup> supra-national stakeholder association which did not fill out the survey, consisted in a position paper which was wholly unrelated to the consultation and did not refer to it. It recommended that a grace period be introduced without addressing the issues considered here – this is hereby reported, and it was decided not to further increase the “no answer” quota, and thus dilute the impact of those associations who responded specifically to the consultation by including it in the statistics.



15. The breakdown of the affiliation of the 62 individual respondents is consigned in the table below.

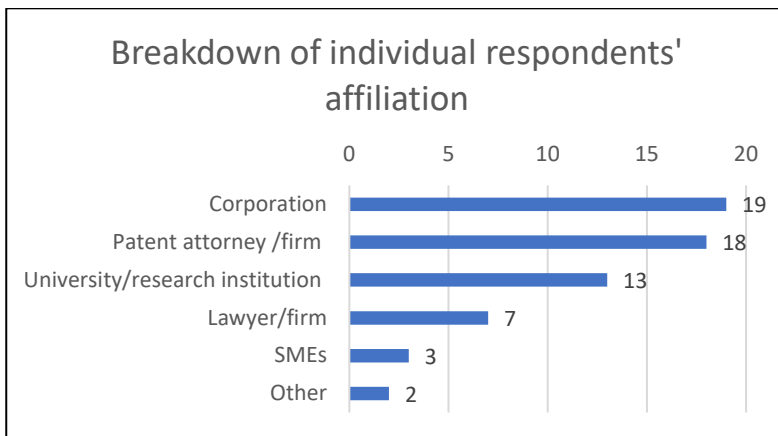


Fig.1: Breakdown of individual respondent affiliation (Total: 62)

16. Although respondents had been asked to give their primary area of technology or industry, most respondents appear to have listed all the areas of endeavours of the entities to which they are affiliated, so that the tally of the representation of areas of technology is far greater than the number of participants. Other areas of technology mentioned were: material engineering, ship design, mobility, means of transportation, Medtech, diagnostics, food and dairy science and nanotechnology.

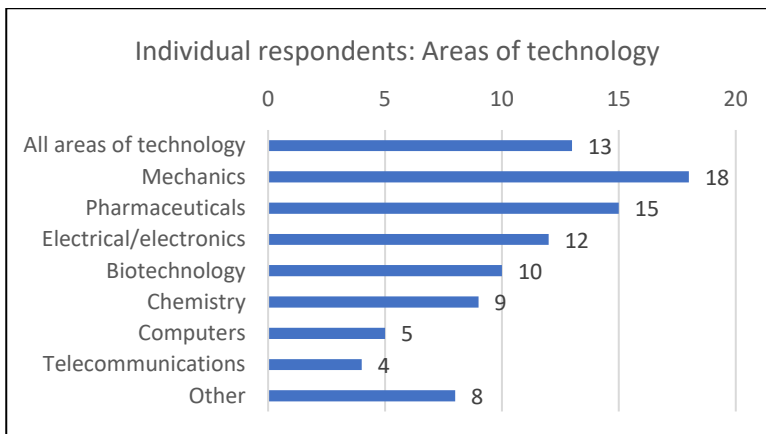


Fig.2: Areas of technology in which individual respondents are active

17. Most of the 45 stakeholder associations were industry or profession-wide entities, independent of areas of technology, but 6 user associations were area-specific with two in the area of pharma, one in biotechnology, one in the energy sector and two focusing on Pharma, Chemistry and Biotechnology or Life Sciences.

18. There were 45 user associations from 16 member states (CH, CZ, DE, DK, ES, FI, FR, HR, HU, IE, IS, IT, NL, PL, SE, UK) who gave input, in addition to the epi: these user associations collectively represent a sizable and diverse number of stakeholders from different regions in Europe, and their positions arguably give a good indication of current trends.

## 2.2. Data consolidation challenges and their solutions

19. First, it is not possible to consolidate the responses of individual entities<sup>3</sup> and those of user associations, the latter by definition carry more weight than the former. For this reason, for each question, results are always collated and analysed accordingly in a segregated manner. Of course, individual responses are important and tallied, and may corroborate or give nuance to the positions of the user associations.
20. Several stakeholder associations did not fill out the questionnaire. Where their position was clearly expressed and corresponded exactly to a potential response in the questionnaire, their position was included into the statistics on that particular question.
21. Where such an inference was not possible, they were included in the “no answer” category in the data. Indeed, where an association did not fill out the questionnaire, this may reflect the fact that it was impossible for them to agree to a common answer internally, as was clearly indicated by some of the associations in their written submissions. Finally, one association was against the grace period and explained that this was the reason for which they declined to reply to the survey questions.

## 3. RESPONSES TO THE SURVEY

### 3.1. Question 1: Importance of international substantive patent law harmonisation

22. The survey’s first question was *“In your view, how important is international substantive patent law harmonisation for users of the European patent system?”*.
23. Amongst user associations, 36 of 45 or 80% found SPLH either “important” or “very important”, and some associations not having answered the survey stated in position papers that they were in favour of or supported SPLH.<sup>4</sup> Of the individual respondents to the survey, 52 of a total of 62, or 84% found SPLH either “important” or “very important”. Only one user association deemed that harmonisation was not important (but not that it was against harmonisation) and two individual respondents responded that they were against harmonisation. It can thus be concluded that SPLH in principle remains a priority for a vast majority of stakeholders in Europe, an important message for European delegations. Many stakeholders believe that SPLH is important for facilitating cross-border business and reducing associated legal costs to operate, levelling the playing field throughout the world.

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<sup>3</sup> Please note that “individuals” in the chart titles is shorthand for “individual responses”, as these may also emanate from universities, public research organisations, law firms or corporations, not just respondents who are individuals.

<sup>4</sup> Including CIPA, the IP Federation and IBEC.

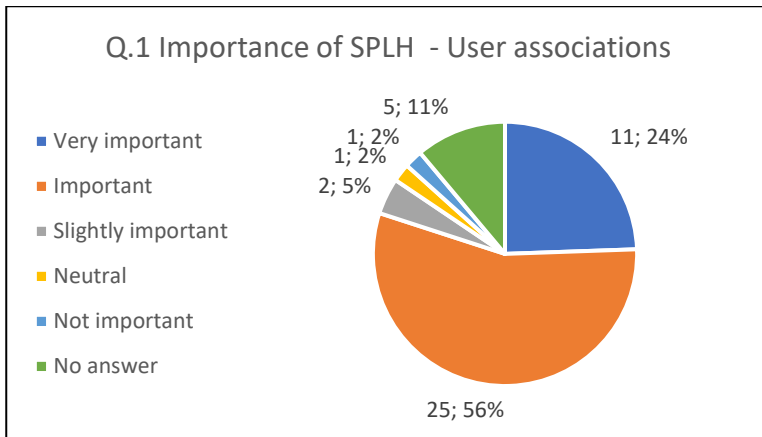


Fig. 3. : Q.1 Importance of SPLH : User associations (Total : 45).

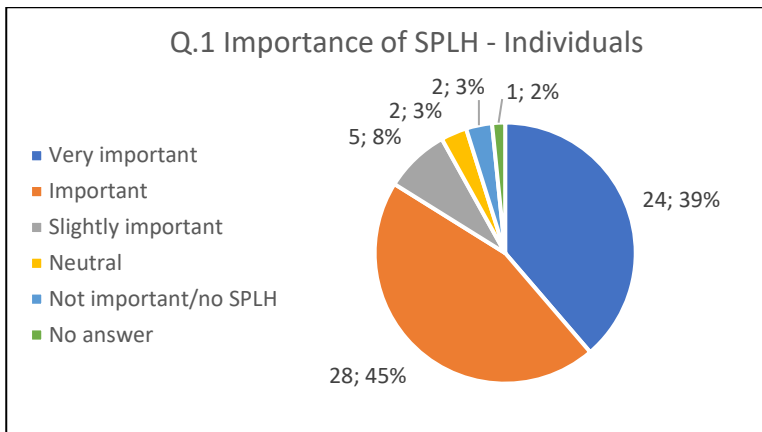


Fig 4.: Q.1 Importance of SPLH: Individual respondents (Total: 62).

24. At least three user organisations demonstrated awareness of the backdrop of the SPLH efforts, noting that FTA discussions with the EU or with non-EU states which are members of the EPO often involve requests for the inclusion of a grace period. In the words of two associations: *“It is much better if proposals for such provisions come from those who have studied this issue in detail than through a compromise/trade off at the eleventh hour in an FTA negotiation”* – effected by non-specialists. The concern is also expressed that rather than achieving harmonisation, provisions agreed through FTAs could lead to a cementing of the current grace periods with different requirements which currently exist in different parts of the world.
25. One respondent association was emphatic that international harmonisation required “full implementation of such agreed norms”, and not just the adoption of non-binding guidelines, or a limited set of minimum standards, which, it may be observed, by definition, would not result in identical, predictable results throughout participating jurisdictions. Another respondent association observed: *“It is important to understand that harmonization cannot set a minimum standard while leaving room to countries to provide a supposedly better protection. This is because a better protection (of the patentee) comes unavoidably to the detriment of third parties. Harmonization must achieve an appropriate balance between the interests of a patentee and the interests of third parties”*. But respondents remained sober in their assessment of the process with one opining: *“harmonisation, while desirable, will be complicated in the short term”*. Finally, one user association expressed the view that since implementation of an SPLH package including a grace period in Europe would entail a revision of the EPC, which would not be easy

and take a considerable amount of time, it should only be attempted if the benefits clearly outweighed the disadvantages of the status quo from the viewpoint of European industry.

26. To conclude, it seems that users want true harmonisation with full implementation into the details, in the full sense of the term, not approximation or convergence of laws, or minimum standards couched in soft-law terms.

## 3.2. Question 2: Position on the grace period

### 3.2.1. Introduction

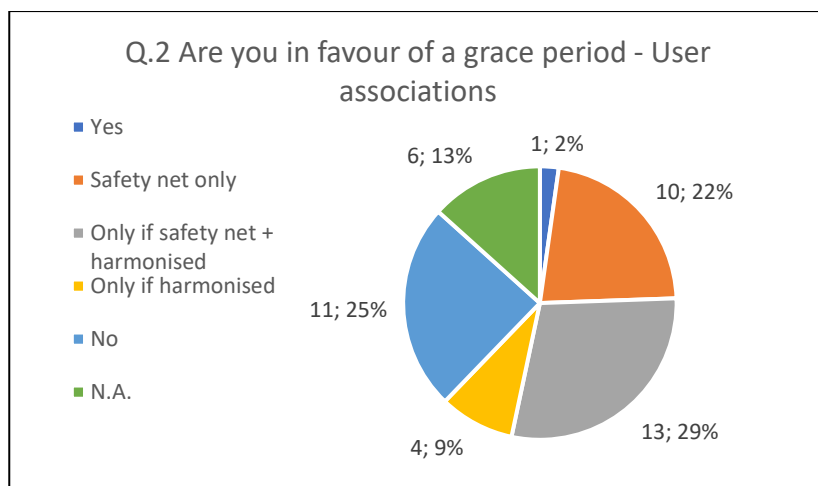
27. A crucial issue in regard to the discussion of the substance was to determine the positions of respondents on the grace period – there is no point in discussing the merits and details of grace period design if respondents are against the grace period in the first place. This question had not been asked in Europe since the ESAB study in 2014, when results then showed that 56% of European respondents were in favour of the grace period. The current survey was an opportunity to test whether the positions of European stakeholders had shifted in the meantime.
28. In the Tegernsee survey in 2013, European stakeholders were asked whether they were in favour of a grace period or not, leaving large numbers of respondents scrambling to add in the optional comments section that their support was not unconditional, but with the caveat that the grace period be defined as a safety-net grace period, and/or that the grace period itself had to be harmonised. Thus, building on this experience, the question was formulated so as to maximise the comfort level of users, allowing them to respond in a nuanced manner if they so wished.
29. Question 2 asked: *“In principle, are you in favour of a grace period?”*, giving 5 options for response, and allowing more than one box to be ticked. The options were: (a) *“Yes, regardless of its definition”*; (b) *“Yes, but only if defined as a safety-net grace period”* (c) *“Yes, but only if the grace period is itself internationally harmonised”*; (d) *“No, regardless of its definition”*; and (e) *“Do not know / do not wish to answer”*.
30. The Common Consultation Document (p. 24) included a definition of a “safety-net” grace period, stating that it could be *“generally defined as a grace period which provides measures balancing the advantages of the grace period for applicants with protections for third parties, such as a statement and/or prior user rights, so as to provide disincentives to the use of the grace period, thus discouraging a strategic use of the grace period and enhancing legal certainty”*.
31. The option of ticking more than one box, however, led to a few difficulties. One user association ticked both (d) *“No, regardless of its definition”*, as well as (b) *“Yes, but only if defined as a safety-net grace period”*. These responses are mutually exclusive. Thus, the response was counted as “no answer”, as including both positions in the tally would have given this association two votes. The same situation arose with respect to individual respondents, with one replying as the association above, and two more ticking both *“No, regardless of its definition”* and *“Yes, but only if the grace period is itself internationally harmonised”*. It is not appropriate to choose one of the

two options on behalf of the respondent, nor is it possible to give them, in effect, two votes. Thus, the same argument and solution is applied to these cases as well: their responses were counted as “do not know, do not wish to answer”.<sup>5</sup>

32. In tabulating the results, for clarity, respondents who checked both that the grace period should be defined as a safety-net and that it should itself be harmonised as pre-conditions to agreeing to a grace period were classified into a category of their own, reflected in the charts below.

### 3.2.2. Overall results

33. Of the 45 user associations which responded, 28 or 62% were in favour of a grace period – most of them conditionally. Of the 28 in favour, the positive response of 23 was conditional on the grace period being designed as a safety-net<sup>6</sup>, corresponding to 51% of the associations overall (and 82% of those in favour of the grace period). The positive response of 17 associations or 38% (61% of those in favour of the grace period) was predicated on the grace period being itself internationally harmonised. Finally, 13 associations or 29% supported a grace period only if both conditions were met: an internationally harmonised safety-net. Only one association (2%) was in favour of the grace period regardless of its definition and without conditions. Even if it is assumed that those who set as the only condition that the grace period needed to be harmonised did not care on which basis such harmonisation took place, that would leave only 5 associations or 11% prepared to accept any grace period compromise beyond a safety-net – and this is doubtful since they did not express support for the grace period “regardless of its definition”, subject to its being harmonised, and some comments clarify preferences in the design of the grace period. It remains that 11 associations or 25 %, are not in favour of a grace period, regardless of its definition, and 6 or 13% did not or could not answer the question.



<sup>5</sup> This method was applied also where, in the assessment of norms, user associations ticked two assessments for one set of norms, essentially suggesting that they could not agree on a single answer.

<sup>6</sup> As this term has given rise to confusion in the past, the CCD provided a definition of the safety-net grace period: “A ‘safety-net’ grace period can be generally defined as a grace period which provides measures balancing the advantages of the grace period for applicants with protections for third parties, such as a statement and/or prior user rights, so as to provide disincentives to the use of the grace period, thus discouraging a strategic use of the grace period and enhancing legal certainty”. (See CCD, p.24)

Fig 5: Positions on the grace period – User associations (Total: 45).

34. This trend is generally confirmed by the input of the individual respondents who participated in the survey: of the 62 individual respondents, 43 or 70% would be in favour of a grace period, and 15 or 24% would be against, regardless of its definition, with 4 or 6% not responding or undecided. A total of 21 respondents or 34% overall (49% of those in favour of a grace period) were in favour of a grace period provided it was defined as a safety-net, and the same proportion (21 respondents or 34% of the overall number, 49% of those in favour of a grace period) were in favour of a grace period provided it was internationally harmonised. Only 5 or 8% of individual respondents put an internationally harmonised grace period as a condition for their approval.
35. Only 6 individual respondents or 10% were in favour of the grace period regardless of its definition. One such respondent was a university representative, which nevertheless commented that they believed that the grace period “*should not be used carelessly*” and that such careless use “*should be totally discouraged*” and “*that it is important to internationally harmonise a grace period with checks and balances in order to ensure, on one hand, that we can extract the best from this mechanism while not compromising the current system and its legal certainty and, on the other hand, that there is a fair balance between the interests of all parties involved*”, thus in fact emitting opinions which align with those shared by users believing that the grace period should be designed as a “safety-net”.

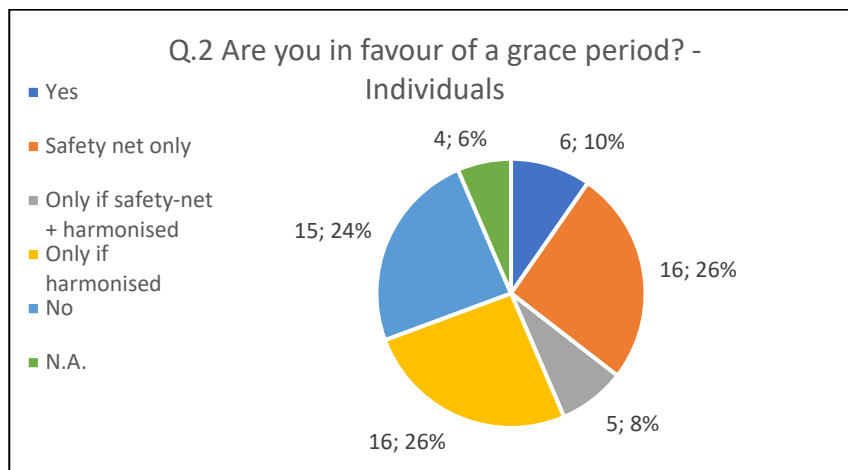


Fig 6: Positions on the grace period – Individual respondents. (Total: 61)

36. A synthesis of the comments received is provided below, reported according to the positions respondents took with regard to Q.2. At the outset, it must be emphasised that of the respondents who provided comments to Q.2 within the survey (91 of 107), a sizeable amount expressed concerns regarding the possible impact of the adoption of a grace on legal certainty (38) and on the increased complexity of the patent system (8). Interestingly, respondents expressing such concerns were found throughout all 5 categories of possible substantive answers (Yes; Safety net only; Safety-net and harmonised; Harmonised only; No).

### 3.2.3. Unconditional support for the grace period

37. The few respondents who supported the grace period unconditionally (1 user association and 6 individual respondents) believed that it was important to protect unsophisticated users, in

particular SMEs. Two respondents argued that it would be advantageous for all stakeholders if inventors could try out their inventions commercially to test their potential prior to patenting, which would result in cost and time savings for both applicants and offices, if unworthy inventions were thus abandoned prior to filing an application.

38. In addition, it was pointed out that for the pharmaceutical industry, certain situations required the disclosure of data, e.g. on clinical and pre-clinical studies for obtaining market authorisation or for the building of joint ventures, which might then become publicly available. A grace period would offer protection in this regard.

#### **3.2.4. Support provided the grace period is defined as a safety-net**

39. One of the clearer findings of the consultation is that the vast majority of user association respondents in Europe who favoured the grace period did so, provided it was defined as a “safety-net”: 82%, or 51% of user associations overall. A similar phenomenon prevailed with individual respondents albeit to a lesser degree: a total of 21 or 34% overall supported the grace period on the condition that it constitute a “safety-net”, amounting to 49% of those in favour of a grace period.
40. This signifies that if a broad, unrestricted grace period were to be proposed, focusing on the user associations as representing an important cross-section of European stakeholders, one could project that it would in all likelihood be opposed not only by the 25% of user associations who are against the grace period, but also probably by the 51% whose support is conditional on safeguards creating a safety-net, for a total of 76% of European user associations. As stated by a respondent who supported the grace period, provided it was defined as a safety-net: *“A broad grace period imposes significant externalities on the public in that documents falling within the grace period will have to be assessed to determine whether they are graced or not. This can result in significant legal expense to the general public. The cost to the applicant of filing in good time is much less and borne by only the applicant.”* For Europe, then, this would in all likelihood clearly not be an option.
41. Generally, respondents supporting the grace period on the condition that it be defined as a safety-net were concerned about securing advantages for applicants without upsetting the balance of the patent system. Thus, they believed that a grace period providing advantages for applicants should be subject to balancing elements providing some protection for third parties, but also dissuading applicants from using the grace period without good reason, which would ultimately reduce the level of use of the grace period, and hence, the legal uncertainty it might produce. One national user association included as possible safeguards to achieve this: the ability of third parties working independently to file patent applications, intervening publications being prior art and robust prior user rights. This area of shared systemic concern was mentioned by 20 respondents, which emphasised the importance of ensuring that the patent system would continue to “encourage filing first and publishing thereafter”, and “not become a first-to-publish system”, bestowing rights on the applicant which were “similar to that of a priority right”, so that the use of the grace period “remained exceptional”, and was “not used systematically and strategically”. One user association in favour of an internationally harmonised grace period defined as a safety net, stated that *“the general approach to assess proposals should be led by*

*the principles of legal certainty for third parties, clarity, simplicity, and putting the onus or risk of certain aspects at the party making the disclosure and seeking subsequent patent protection. These principles are commensurate with a system that is designed as an additional safety-net for potential applicants, but does not substantially shift the balance between the interests of patentees and third parties”.*

42. Several respondents considered a safety-net grace period to be appropriate to alleviate the harshness of the strict novelty requirement vis-à-vis inadvertent disclosures. Several respondents stated that a grace period defined as a safety-net was the fairest approach when considering the needs of all stakeholders. Also, it was considered by some that many SMEs and start-ups needed to 'test the market' e.g. with a minimum viable product before defining their innovation strategy or business plan. Having a safety-net grace period would enable them to do this while incentivizing them to file a patent as soon as possible for inventions with market potential.
43. As to the definition of a safety-net grace period, a dozen respondents mentioned their support for robust prior user rights, specifically allowing them to arise when information was gained through a public disclosure made by the applicant. Several respondents insisted that if a grace period was introduced, the harmonisation of prior user rights was essential. Two respondents commented that “US-style prior user rights” went too far in protecting the applicant from a pre-filing disclosure and thus failed to provide adequate protection for third parties.
44. The majority (17) of respondents who commented on the statement or declaration requirement supported a solid declaration requirement listing all pre-filing disclosures and believed it should be filed at an early stage, preferably upon filing, but in any event so as to be available when the application is published at 18 months. On the other hand, one respondent feared that the declaration requirement would add unnecessary complexities and costs, two considered it might constitute a potential trap for applicants, and another was in favour of a voluntary declaration as proposed by FICPI.
45. Finally, one respondent specified that the grace period should apply only to disclosures of the applicant’s invention, and not to independent disclosures by third parties.
46. It should be observed that support for a grace period if defined as a safety-net may not necessarily denote approval of the concept itself or a belief that Europe needs a grace period. As one respondent association summed up its position: *“in general, it is considered that a grace period is not necessary and introduces uncertainty with third parties. However, there is an increasing push towards a harmonized grace period, particularly in trade deals and therefore it is advantageous to consider the type of grace period which best suits European requirements.”* (See also the position of the epi in the next section.)

### **3.2.5. Support only if internationally harmonised**

47. The positive response of 17 associations or 38% (61% of those in favour of the grace period) was predicated on the grace period being itself internationally harmonised. Of the individual



respondents, 21 or 34% of the overall number (49% of those in favour of a grace period) espoused the same position.

48. Some respondents with this view took a pragmatic approach, in that it could not be expected that jurisdictions having a grace period would do away with it. Some believed that the grace period could improve the patent system if it was applied wisely, and harmonisation was important to ensure that it did not create confusion: *“Although the introduction of a grace period has potential drawbacks/risks, these would be outweighed by the benefits to both applicants and third parties of fully harmonised, consistent patent provisions across all major jurisdictions”*.
49. Looking at the issue from several perspectives, one corporate respondent remarked that the grace period was not a prerequisite of a working patent system. It slightly complicated the evaluation of patentability by creating 2 categories of prior art, the ordinary, patentability-relevant and the "graced" (non-opposable) prior art elements. "Graced" prior art is prior art by the patentee that would not be published if it weren't graced. In fact, allowing the patentee to publish an invention prior to filing provided early awareness of the innovation to the public. Arguably, pre-filing publication of an innovation merely increased the risk for the patentee to be exposed to third-party protections derived or created from the innovation. "Grace period" countries included the USA, Japan and Korea, all of which demonstrated that a grace period was perfectly compatible with the protection and promotion of commercialization of innovation.

### **3.2.6. Support for an internationally harmonised safety-net**

50. Finally, 13 associations or 29% supported a grace period only if both conditions were met: an internationally harmonised safety-net, whilst only 5 or 8% of individual respondents favoured the grace period subject to these cumulated conditions.
51. Those respondents whose support for the grace period was conditional upon it being both defined as a safety-net and itself internationally harmonised were prepared to accept the grace period provided it was part of a package providing advantages for applicants balanced by sufficient safeguards for third parties, with some respondents specifying that this should include prior user rights and a declaration requirement. They also expressed concern for preserving legal certainty, and believed that for users, and especially for SMEs, harmonisation eliminating territorial variations in the grace period regime was also key to reducing legal uncertainty.
52. In this regard, the Council of the epi, the largest user association consulted, passed two motions: the first agreeing that the epi was opposed to any kind of grace period; the second stating that the epi could consider a "true" safety-net grace period as part of a harmonised system comprising a "true" first-to-file system.<sup>7</sup> The conditions for a safety-net grace period were set out as: (a) a 6-month duration from the priority date; (b) a mandatory formal declaration; (c) mandatory prior user rights. It added (d) wrongful publication of an application by regional/national patent laws should be included.

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<sup>7</sup> These motions were obviously available to at least one stakeholder association who agreed that in a harmonised system, the safety-net approach to the grace period was the "least worse".

### 3.2.7. Against the grace period

53. A group of 11 or 25% of user associations, mirrored in the total of 15 or 24% of the individual respondents to the survey, remained strongly opposed to the grace period, regardless of its definition.
54. Those respondents believed that the grace period would be a source of legal uncertainty and complexity, as well as increased costs and reduced predictability. As one user association put it: *“in exchange for improving a few specific situations, a grace period would create numerous problems which would have a negative impact on all economic actors, applicants as well as third parties.”*
55. It was argued that the current system was simpler, easier to navigate and more transparent since an assessment of the prior art could take place without considering the author and context of a prior publication. The complexity of a grace period was demonstrated by all three packages proposed by IT3, FICPI and AIPPI. Several respondents thought the EPC in its present incarnation was clear and simple, worked well, and offered the most legal certainty. They agreed with the policies behind the limited scope of Art. 55 EPC, and felt that its approach was more compatible with the first-to-file system. Some respondents felt that companies in their technical field would not benefit significantly from a harmonised grace period, since well-established practices existed, including non-disclosure policies and confidentiality agreements preserving the secrecy of an invention where it needed to be shared with a third party prior to filing a patent application.
56. Not all concern was for third parties, however. One user association pointed out that the grace period was argued to assist unsophisticated actors, but with the complications it would create, including hard deadlines for filing the application once the pre-filing disclosure has taken place, it doubted whether such actors could deal with these complexities successfully. Another respondent warned that there might be few disadvantages for inventors, since third parties could make use of a pre-filing disclosure to use the invention prior to filing and acquire prior user rights or make modifications and file an application, both of which might make it difficult for the inventor to obtain meaningful patent protection later.
57. Some feared that the length of time during which it might be impossible to determine whether an innovation was in the public domain and could be used, or would be subject to a potentially successful patent application, might suppress development and make companies reluctant to engage in R&D activities. Also, it was argued that the assignment of inventions or patents would increase the complexity of the grace period from the point of view of third parties. One user association pointed out that *“a longer period of uncertainty compared to the current practice, and also any increased legal risk due to uncertainty, is considered to have a negative impact on the quality and speed of business decisions and thus a potential negative economic impact”*, particularly if such uncertainty also led to increased patent litigation.
58. Several believed that a grace period would raise serious problems regarding the interpretation of the law and increase the volume of litigation, which in turn, would increase the costs and administrative burdens of monitoring, defending and obtaining patent protection. It was also considered unrealistic to expect that international harmonisation could be achieved: differences

in the interpretation of clauses and in legal standards and practices could always occur across jurisdictions.

59. A respondent pharmaceutical company argued that the grace period would impose new obligations on companies regarding freedom to operate opinions (FTOs). In the current system, the main objective of an FTO is to ensure that there are no pending patent applications/granted patents covering an invention, taking into account the 18-month period between filing an application and its publication. With the grace period, it would take much longer to obtain a meaningful FTO (up to 30 months), adding to legal uncertainty. Furthermore, to perform an FTO diligently, it would need to be carried out based not only on patent literature, but also on non-patent literature. This would increase the cost of the analyses, as aside from increased time and difficulty, third parties would be forced to obtain access to specialized, commercial databases, and due to the limited availability of many journals/papers there would be considerable costs connected with retrieving those publications. This was particularly true if one considered that publications by third parties derived from a pre-filing disclosure by the applicant would also be graced. The public at large would not be able to trace publications and the relations between them, which would further increase legal uncertainty.
60. Some respondents were dubious that if deterrents were adopted, they would successfully ensure that the grace period would be used as a safety-net, as it would undermine the discipline of R&D departments to consult their IP departments prior to deciding to publish a final design or release it for production.
61. Finally, one respondent was against the grace period because they feared that foreign multinationals would flood Europe with patent applications invoking the grace period.

### **3.2.8. Conclusion**

62. Despite the limitations of our data collection and methodology, our outcomes show an upward trend in support for the grace period amongst European users, which now appears to enjoy a clear majority, subject to certain caveats. For the overwhelming majority of those in favour, support of the grace period is conditional on the grace period being defined as a safety-net, being itself internationally harmonised, or both.

### **3.3. Question 3: Evaluation of the Industry Trilateral, FICPI and AIPPI packages**

63. At the outset, as a compromise package is elaborated on a principle of give-and-take, it had been decided that the consultation would deal with the evaluation of “packages” as a whole, rather than allow respondents to cherry-pick the norms they preferred, which carried the risk that respondents would reject anything they were unfamiliar with, and express preferences for the norms which seemed the closest to those existing in their own jurisdictions. Thus, respondents were asked to rate each of the three packages of norms globally on a scale from 1 to 6: (1) Would support as a way forward; (2) Rather positive opinion; (3) Neutral; (4) Rather negative opinion; (5) Unacceptable; (6) Do not know/Do not wish to answer.

64. Where ratings of “rather negative” or “unacceptable” were given to the packages of norms, respondents were requested to give the reasons for their rating, but some respondents also provided comments even when they assigned more favourable ratings.
65. Unsurprisingly, those associations which could be identified as being involved in the elaboration of one or the other packages, unfailingly favoured their own proposal, and usually considered the others unacceptable or declined to evaluate them, with one association mentioning that it chose not to answer with regard to one of the other proposals as it was possible that some of its members may have been involved in elaborating such proposal.
66. A further issue is the fact that roughly 25% of respondents were against the grace period. Such respondents could have been expected to assign automatically negative ratings to the packages as they all propose a grace period. However, although many did, clearly some felt that if a grace period were to be adopted, they wished to give input as to its design, and provided differentiated assessments of the three packages, including indicating which package they considered would be acceptable as a way forward or could be viewed rather positively. Thus, the input of all respondents is reflected in the analysis here.
67. Another interesting trend was that neutral ratings tended to rise when the number of “do not know/no answer” responses was lower, showing either mixed responses to the proposals, or a hesitation to commit to a substantive assessment of the proposals, perhaps due to the complexity of the materials.
68. Once again, results here constitute trends, indications, and cannot be deemed to be necessarily representative of positions of European stakeholders generally.

### **3.3.1. Industry Trilateral (IT3) Elements Paper**

69. The IT3 Elements Paper is by far the most detailed proposal of the three, and the most complex. It also has to be kept in mind that the IT3 Elements Paper is not finalised and still under discussion between the three partners. Aside from attempting to find compromises which, not coincidentally, would force almost all jurisdictions to modify their national law, the proposal innovates by proposing new concepts.<sup>8</sup>
70. The grace period proposed by the IT3 could be summarised as follows. It was very detailed and contained a number of innovating factors: a mandatory declaration of limited scope, where only the first pre-filing disclosure of subject matter would have to be listed so as to reduce the burden on applicants; procedures to incentivise the timely filing of the declaration in order to avoid a hard deadline with the sanction of loss of rights for the applicant (Defence of Intervening User (DIU), sliding scale of fees); presumptions that intervening disclosures by third parties showing insignificant differences over the subject-matter of the earlier pre-filing disclosure are derived from the applicant and thus graced. And finally, accelerated publication of applications invoking the grace period, at 18 months from the earliest pre-filing disclosure, to ensure that legal

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<sup>8</sup> For details as to the substance of the three proposals, reference is made to the comparative table in the CCD.

uncertainty does not expand past the existing window of 18 months. The duration was not agreed. Whether the grace period could be invoked throughout the term of the patent was left open.

71. With regard to conflicting applications, the IT3 Elements Paper contained a proposal for a harmonised, compromise system whereby such applications would have to meet a threshold defined as going beyond “novelty + common general knowledge”, with anti-self-collision, somewhat reminiscent of the Japanese system, as an indivisible part of a reform package.
72. Finally, the prior user rights section remained a work in progress. Noteworthy was the treatment of prior users where knowledge of the invention was derived from the applicant, through e.g. a pre-filing disclosure: prior user rights could not arise unless (i) the prior use or preparations took place more than 18 months prior to the publication of the application, and (ii) the statement was filed late. The purpose of this rule was to create an incentive for the timely filing of the statement.
73. A total of only 7 user associations or 15.5% either had a rather positive opinion of the IT3 Elements Paper or believed that it constituted a way forward for the SPLH process, whereas 18 or 40% rated the IT3 package either rather negatively, or considered it unacceptable. Thirteen associations, or 29% either did not know what to respond or could not take a position on the matter, whilst 7 or 15.5% emitted a neutral opinion, leaving a considerable 20 or 44% of the respondents non-committal on the issue of the IT3 package.

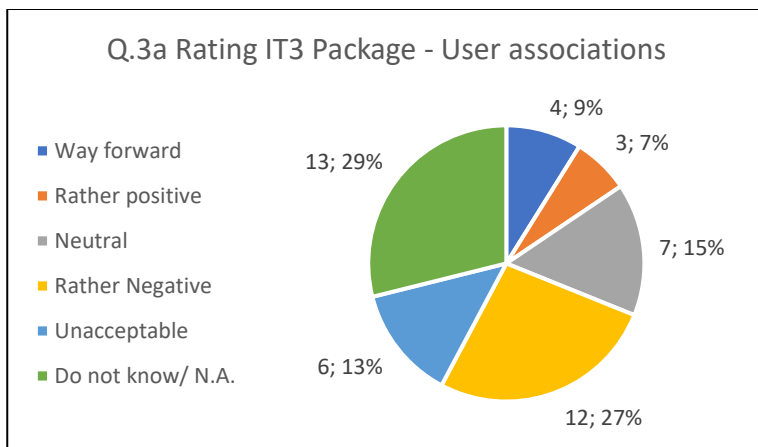


Fig. 7: Rating of the IT3 Package – User associations (Total: 45)

74. The IT3 Elements Paper fared better with individual respondents, with 24 or 40% of them having a rather positive view of the package or believing it constituted a way forward for the SPLH process, whilst 17 or 28% considered it to be unacceptable or took a rather negative view of the package. Only 4 individual respondents replied that they did not know or did not wish to answer (suggesting that a large part of the “no answer” responses in the case of user associations was due to an inability to agree on a position, evidence that the proposal was contentious), but 17 or 27% gave the package a neutral rating. Of those which considered that the IT3 package was a possible way forward, 4 were lawyer/patent attorney firms, one was a university, 4 were corporations, and all but one reported large filing volumes.

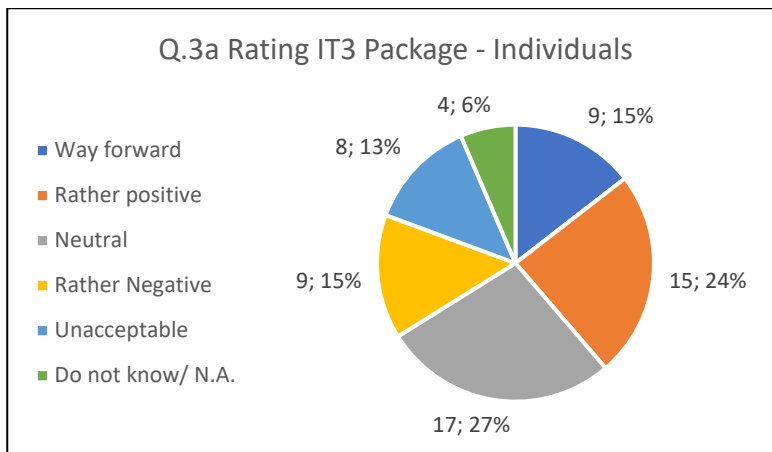


Fig. 8: Rating of the IT3 Package – Individual respondents (Total: 62)

### 3.3.1.1. General comments

75. Comments levelled at the package as a whole tended to be critical. At least 10 respondents (5 stakeholder associations; 5 individual respondents) rated the package as unacceptable or took a rather negative view of the IT3 package due to its complexity, and a perception that it would not promote legal certainty (5) but result in higher costs (4). A further stakeholder association in favour of a harmonised safety-net grace period which also expressed a neutral view on the IT3 package nevertheless indicated that the proposal seemed too complex and complicated. Several user associations with representatives involved in the IT3 process stated in written submissions that they would welcome a simplification of the IT3 Elements Paper and would work to move it in this direction.
76. One very large user association noted that whilst it supported declarations of policy and principle made by the IT3, which included “to provide a grace period with criteria and qualifications that encourages Inventors and Applicants to “file first”, while discouraging the adoption of a “publish first” policy that leads to uncertainty and unpredictability”, it noted that the individual elements proposed were far from resulting in an application of this principle and “were engineered to work to the advantage of the inventor/applicant disclosing his invention, leading away from the very principle of a safety-net grace period.”
77. One individual respondent who considered the IT3 package unacceptable opined that it could lead to a “first-to-publish” system, whilst a user association which also found the package unacceptable, stated amongst other arguments, that “despite initial policy statements, the IT3 package contains no true incentives to file first - the grace period proposed is a far cry from a second-best solution to filing first”. In this vein, another individual respondent rated the package as unacceptable, as it was deemed to be “too far from the concept of a safety-net grace period”. One user association stated that the IT3 proposal “would introduce a very relevant competitive advantage in favour of a party voluntarily making a public disclosure before filing the relative patent application”.
78. Several respondents also raised the issue of how the IT3 package would fit into the existing international framework.

79. Another user association reported a rather negative view of the package because of the mandatory declaration, which could constitute a potential trap for applicants, coupled with publication of the application being timed from the earliest disclosure, and introduction of the DIU concept, all of which were considered very complex and difficult and costly to introduce. It would take many years for an established understanding of these concepts to be developed by case law, so that they would significantly disrupt the global patent framework. The proposed additional formality requirements added unnecessary complexity (and therefore risk) and significant costs for applicants to an already-expensive procedure. This opinion was shared by one individual respondent.
80. Finally, one user association representing SMEs and mid-sized companies, which considered generally that their members operated within the current EPC system quite well due to its simplicity, stated: *“Whilst the introduction of a harmonised grace period could well complicate both daily operation and global freedom to operate projects for SMEs, the benefits of one common global rule [...] does hold attractions, and if these rules needed to include a grace period to achieve compromise, this would be supported”*, but requested that the Group B+ bear in mind *“all users of the patent system when agreeing any compromise package”* and that *“smaller companies do not have the same capabilities to navigate complex systems as to larger companies, and [the association] did not wish to see a global system become the preserve of larger industry”*.

#### **3.3.1.2. Grace period: duration**

81. The IT3 Elements Paper was alone in not having an agreed duration of 12 months. Article 55 EPC on non-prejudicial disclosures has a 6-month duration, and three large user associations and 3 individual respondents expressed a preference for a shorter grace period of 6 months, as it was argued that it would suffice for “safety-net” purposes. They also criticised the FICPI and AIPPI for proposing a 12-month grace period. However, some other respondents believed that realistically, anything shorter than a 12-months grace period was unlikely to be accepted by countries who already have such a grace period.

#### **3.3.1.3. Burden of proof**

82. Several user associations strenuously opposed the presumptions, stating that the burden of proof should initially lie on the applicant. One national patent attorney association which took a “rather negative” view of the IT3 package, examined the IT3 Elements Paper in detail on this point. On the assumption that a third-party intervening disclosure is presumed derived from the original applicant/inventor if it only shows “insignificant differences”<sup>9</sup>, it opined that more often than not, inventors are solving the same problem providing for the same or a similar technical solution. Moreover, the vague language of “insignificant differences”, in the absence of further

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<sup>9</sup> It has been clarified that these “insignificant differences” refer to the content or subject-matter, not to the form or formatting of the disclosure, which would ipso facto establish a link between the two disclosures. Thus, two fundamentally different texts with different terminology referring nevertheless to the same technical features would fall within the application of the presumption.

clarification, would certainly not lead to harmonization. Another user association which also had a rather negative view of the IT3 package opined that the burden of proof rules in case of a third-party intervening disclosures complicated matters.

83. An individual respondent who found the IT3 package unacceptable stated that “*the entire onus of proving the applicability of the grace period should lie with the person claiming it*”. Finally, another individual respondent believed that it was only when the pre-filing disclosure was indicated in a statement filed with the application that there could be a presumption of grace for a later pre-filing disclosure “with the same content”<sup>10</sup>.

#### **3.3.1.4. Statement or declaration requirement**

84. A national patent attorney association stated that the statement should be obligatory and should be filed with the patent application or within 16 months of the first pre-filing disclosure. They did not agree with the proposal that a statement could be submitted later along with a declaration of “unintentionality” supported by further evidence, insisting that the statement should be obligatory without further remedies. Third parties needed such information as soon as possible.

85. The mandatory nature of the declaration requirement covering all pre-filing disclosures made by the applicant or with their consent was emphasised by several user associations. The burden to disclose the applicant’s own pre-filing disclosures should lie entirely on the applicant (a parallel was drawn with the declaration of priority). It was of utmost importance and essential to the balance of interests that third parties should be aware that the grace period had been utilized for an identified pre-filing disclosure and a patent application. It should be mandatory for any party utilizing a grace period to disclose their pre-filing disclosures via statement or by other equivalent means, which then should be easily accessible for third parties. There was no reason to place the burden on third parties to identify which pre-filing disclosures were graced or not. Several user associations emphasised that there should be no exception to this requirement (except in case of evident abuse). Another association remarked that a key problem with the draft Elements Paper was the absence of a mandatory early declaration requirement without exceptions.

86. Another user association expressed the view that the statement requirement should be obligatory for all pre-filing disclosures, should be filed on the filing date and published with the application. It should not be possible to invoke the benefit of the grace period for disclosures made by or for the applicant by filing the statement later. Nine user associations and 2 individual respondents opposed the possibility of invoking the grace period throughout the term of the patent.

87. Conversely, one university/public research organisation having rated the IT3 package rather negatively opposed a declaration requirement, as it deemed that it would not be easy to implement and would place a burden on applicants.

#### **3.3.1.5. Accelerated publication**

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<sup>10</sup> Note the absolute criterion.



88. One user association commented that the envisaged accelerated publication, bringing forward the publication of the application to 18 months from the first pre-filing disclosure where the grace period was being invoked, seemed not to be in line with a number of established provisions of the patent system. Another user association, having reflected on the ramifications of accelerated publication, was against it, as it believed that in the case where the application contained further, secret subject-matter which had not been previously disclosed, the timeframe would not allow the applicant to receive a search report in due time to be able to decide whether to withdraw the application before publication.<sup>11</sup>
89. However, several other respondents, including user associations, claimed that such accelerated publication was essential for the package to be acceptable, as it provided major benefits to third parties and this feature was also advocated by some respondents as an improvement over the other two packages which they otherwise supported. One user association indicated that this element alleviated the issue of legal uncertainty, and, provided that there were no exceptions, was more important than many other implementation issues, including that of the duration of the grace period.
90. Three user associations viewed this element as the most important aspect of the IT3 Elements Paper, with one which supported the IT3 proposal nevertheless pointing out that for accelerated publication to be adopted and function properly, the statement would need to be filed within 16 months of the filing of the application, and “making allowances for filing after 16 months may not be consistent with the provisions [of the] grace period.”

#### **3.3.1.6. Defence of intervening user (DIU)**

91. Respondents generally shied away from commenting on the DIU except to state that the concept would potentially result in increased legal complications. One user association emphasised the link between complexity, the DIU and the possibility of filing a statement after 16 months from the first pre filing disclosure, and concluded that these complicated mechanisms would not be required if the statement were not permitted to be filed after 16 months. Another user association indicated that they considered the DIU unacceptable, and that it would add an “unreasonably complicated and burdensome dimension to the patent system”, and opined that a mandatory early declaration requirement would eliminate the need for the DIU.
92. Another respondent remarked that the DIU required that a third party relate “*confidential information to a competitor and should not be accepted. If a third party is unaware that a grace period had been utilized, then he should be able to [invoke] a DIU once warned/threatened with infringement and then given time to respond*”. One user association observed that the function of the DIU was to “compensate” for the late filing of the statement, but its limited nature did not

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<sup>11</sup> Comment: assuming an application is filed at the end of a 12-month grace period as computed from the first pre-filing disclosure, if a statement listing pre-filing disclosures is received by a patent office four months after the filing of the application, the search report may already have been drawn up and may need to be revised accordingly, or possibly re-done altogether. Thus, the combination of accelerated publication and a time limit of 16 months from the first pre-filing disclosure for filing the statement could result in applications being published with a statement, but without a search report, to the detriment of both the applicant and third parties. On the other hand, this might encourage applicants to file the statement together with the application, so as to ensure the timely receipt of a solid search report.

provide a realistic basis protecting investments and thus third parties would still be bearing the risk for the potential late submission of statements.

### **3.3.1.7. Conflicting applications**

93. Two user associations were opposed to anti-self-collision of applications, stating that all applicants should be treated equally. The novelty-only principle such as used in the EPC should be applied as it provides for a balanced approach towards secret prior art. A third user association agreed, opining that the EPC standard was clear and well-understood and did not require introducing the complexities of anti-self-collision, arguing that all complexity increased costs and risks. Given the collaborative nature of much research nowadays, which often leads to a web of joint filings under different names, anti-self-collision was hard to work with in those jurisdictions where it now existed. One association particularly opposed the creation of a new difference between applicants and third parties. One national association preferred the EPC approach, but believed that harmonisation on this basis would not realistically be possible to achieve with the US, so that their members were prepared to accept the IT3 compromise solution for a global consensus to be achieved.

94. Two user associations also explicitly opposed the proposed treatment of PCT applications, arguing that *“the purpose to avoid that two or more patents are granted covering the same or similar subject matter can be achieved by limiting secret prior art to entered national/regional phases. If a national/regional phase is not entered, no conflict of applications can be present in that national/regional phase. Therefore, a mere PCT publication should not qualify as secret prior art, i.e. should not constitute secret prior art for all possible national/regional phases”*

### **3.3.1.8. Prior user rights**

95. Two user associations rejected the definition of prior user rights provided in the IT3 package, and argued that classical prior user rights were an essential element of patent law which promoted the balance between the interests of the patentee and those of the prior user. The good faith of the prior user should be an important precondition. A further association considered all the prior user rights as proposed in all three packages to be unacceptable, because they were territorially limited and would not apply worldwide.

96. One user association believed that *“applying “an abuse or breach of confidence” [criterion] instead of “good faith” [ to prior user rights] would not serve harmonization, as the term “abuse” may involve national civil and/or criminal law aspects, which are impossible to harmonize.*

### **3.3.1.9. Conclusion**

97. One IP specialist concluded that *“the present proposal significantly complicates the overall system in an attempt to protect every conceivable marginality, thus negating the original argument that the introduction of a grace period will benefit SMEs and proactively encourage*

*inventions.*” The IT3 Elements Paper was thus considered by many respondents to be overly complex. It provided significantly more details (which was considered by some to be positive), but “descended into increased complexity” and it was feared that as a consequence, this would result in higher costs and promote legal uncertainty. For this reason, several user associations preferred either the FICPI or the AIPPI proposals as a basis for progressing SPLH.

98. The innovations regarding the declaration requirement, particularly the efforts to replace loss of rights as a sanction with layers of other measures, were not well received. Several user associations sympathetic to the IT3 package nevertheless would welcome a simplification.
99. However, the proposal to accelerate publication of the application to 18 months from the first pre-filing disclosure, which itself rests on the prompt filing of a mandatory declaration, appears to be supported by 7 user associations and 5 individual respondents. The AIPPI and FICPI packages which explicitly opposed this feature, were also criticised by some respondents on this basis.

### **3.3.2. FICPI Proposal**

100. Although voluminous due to the appended background documents, the FICPI proposal is in itself relatively clear and simple. It provided for a 12-month grace period without a declaration requirement, but with prior user rights on the Australian model, which provides a robust definition of prior user rights, so that it was qualified by FICPI as a “safety-net” grace period. One innovation was the suggested concept of a voluntary declaration, which, if the applicant chose to submit it, would create a rebuttable presumption that the pre-filing disclosures thus listed are graced (whereas otherwise, the applicant would have the initial burden of showing that a pre-filing disclosure was graced.) Unlike the other two proposals, the date as of which the grace period was calculated (filing date only or earliest of filing or priority date) was left open, as FICPI members had failed to agree on this point. Finally, it was clarified that invoking the grace period would have no impact on the date of publication of the application (i.e. FICPI was against accelerated publication), and the grace period could be invoked throughout the term of the patent.
101. For conflicting applications, the proposed norms were aligned with the EPC, with secret prior art being relevant for novelty only, without anti-self-collision, so that all applicants would be treated equally. It also specified that anti-double patenting should be limited to claims having identical scope in co-pending applications filed by same applicants with the same filing/priority date.
102. Finally, as mentioned, the FICPI proposal for prior user rights was largely based on Australian law. Qualifying activities for which a prior user right may accrue may be based on knowledge in the public domain at the time the prior user started their activities, e.g. from a pre-filing disclosure which has been made with the applicant/patentee’s consent, provided such activities are “legitimate”. Such rights may also be based on confidential information derived from the applicant, provided use started with the direct or implicit consent of the applicant (“implied licence”), without abuse, in particular where no contractual or implicit obligation prohibits the prior user from using or disclosing the invention.

103. A total of 16 user associations or 36% either viewed the FICPI Proposal as a possible way forward or rather positively, whereas 16 or 35% found it was either unacceptable or had a rather negative impression, the highest approval rate of the three packages. Only 2 or 5% viewed the proposal neutrally, and 11 or 24% did not know what to respond or did not wish to answer.

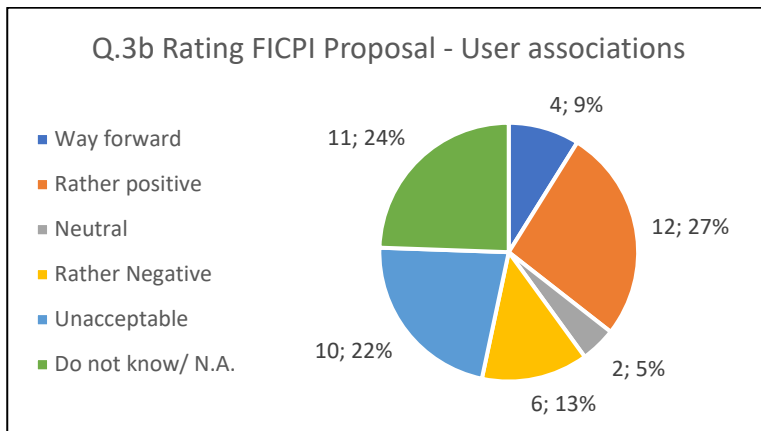


Fig. 9: Rating FICPI Proposal – User associations (Total: 45)

104. As was the case for the IT3 package, individual respondents appeared much more open and receptive to the FICPI Proposal, with 29 respondents or 47% believing that the FICPI proposal could be a way forward<sup>12</sup>, or having a rather positive opinion, whereas 14 or 23 % had a negative view of the FICPI package or considered it unacceptable. Only 4 individual respondents or 7% did not know or did not answer, and 15 or 24% had a neutral view of the proposal.

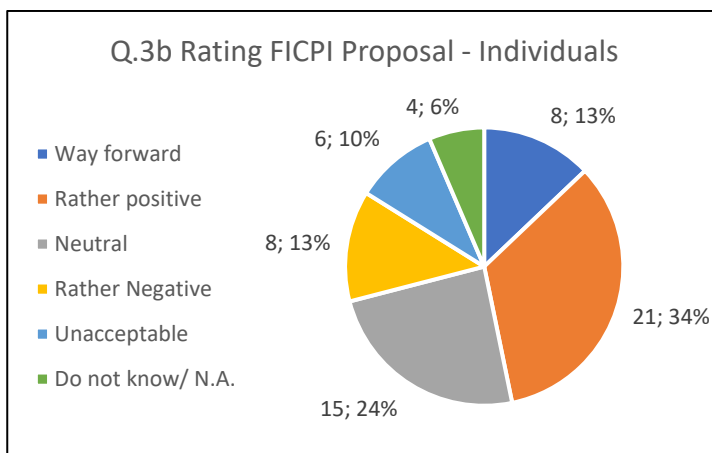


Fig. 10: Rating FICPI Proposal – Individual respondents (Total: 62)

### 3.3.2.1. Lack of a mandatory declaration

105. By far, the most problematic aspect of the FICPI proposal was its lack of a mandatory declaration, listing all disclosures, which was roundly criticised by 18 respondents (12 user associations and 6 individual respondents). Respondents reiterated that they believed the statement should be mandatory, list all disclosures by the applicant, and either be filed with the

<sup>12</sup> One of the user associations having responded that it considered the FICPI package as a possible way forward was a national chapter of FICPI in one of the Member States, which pointed out its affiliation.

patent application or within 16 months of the first pre-filing disclosure. Some explained that in their view, a declaration requirement was an essential element of a safety-net grace period. Other respondents viewed the lack of a declaration requirement as shifting the burden to the patent offices, and argued that this would promote publishing first, and increase legal uncertainty for third parties.

### **3.3.2.2. Invoking the grace period throughout the term of the patent**

106. Also, 6 user associations and 3 individual respondents strongly believed that the grace period should not be able to be invoked throughout the life of the patent for disclosures made by or with the consent of the applicant.

### **3.3.2.3. Date from which the grace period should run**

107. The FICPI Proposal left open whether the grace period should run from the filing date only, or the filing or the priority date, whichever is earlier. Seven respondents, including 2 associations expressed a preference for the grace period being calculated from the filing or priority date, but one association preferred it to run for 6 months concurrently with the priority period, from the filing date only.

### **3.3.2.4. No accelerated publication**

108. Two respondents mentioned that if the grace period were invoked, an accelerated publication of the application at 18 months from the first pre-filing disclosure would be preferred.

### **3.3.2.5. Prior user rights**

109. As for prior user rights, the CCD summary must have been unclear on this point, as some respondents mistakenly believed that both the FICPI Proposal and AIPPI Resolutions required that good faith on the part of the prior user was required to be proven by them and felt that the burden should be on the patent owner to show bad faith<sup>13</sup>. When the CCD mentioned that the burden was on the third party to show that their prior activities justified a prior user right, this was aimed at the nature of the activities, and whether they fulfilled the threshold conditions under national law for such rights to accrue (e.g. possession of the invention, commercial activity or serious and effective preparations having taken place within the jurisdiction.) It was not intended to extend to the good faith requirement (or “legitimacy” of the prior users’ activities). The position on this point is related here nonetheless as it provides valuable insight into how respondents conceive of prior user rights as a balancing mechanism in a grace period context.

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<sup>13</sup> In most legal systems, the default setting is that good faith is presumed, it is the party alleging bad faith which has the burden of proof.

### 3.3.3. AIPPI Resolutions

110. The AIPPI Resolutions were not issued as a cohesive package, but over the years, as part of AIPPI’s ongoing reflections on harmonisation issues: the grace period (2013); prior user rights (2014); publication of patent applications (2016); and, partly in response to developments within the Industry Trilateral/Group B+, conflicting applications (2018). This was done partly to ensure that AIPPI had resolutions in place regarding all currently discussed harmonisation issues. The European delegations took the view that, although these Resolutions were not formally consolidated, considered together, they formed a coherent package, and decided to consult European users on this third set of proposed norms. It was noted by one individual respondent that the AIPPI Resolution on the grace period from 2013 was dated, and should not be considered up-to-date.<sup>14</sup>

111. More succinct than the other packages and couched in simple language, the AIPPI Resolutions have more in common with the FICPI proposal than with the IT3 Elements Paper: a grace period without a declaration requirement, applying from the priority or the filing date, no accelerated publication of applications if the grace period is invoked, prior user rights couched in classical terms, potentially accruing even if the subject-matter was derived from a pre-filing disclosure of the applicant, subject to an obligation of good faith, conflicting applications aligned with the EPC, but without addressing specifically the issue of anti-double-patenting.

112. The AIPPI Resolutions were deemed to be a way forward or rather positively received by 14 or 31% of user associations, but also viewed rather negatively or considered unacceptable by 14 or 31 % of associations, the lowest disapproval rate of all three packages. A neutral rating was given by 4 or 9% of associations, while 13 or 29 % did not know or did not wish to answer, so that 38% of respondents were ultimately non-committal.

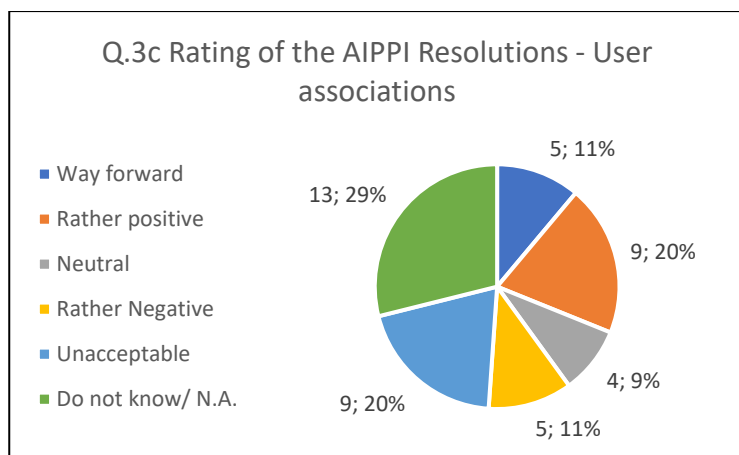


Fig. 11: Rating AIPPI Resolutions – User associations (Total: 45)

113. As with all packages, individual respondents appeared to be more willing to embrace the proposals, with 27 or 44% considering it rather positively or believing it could form a way forward,

<sup>14</sup> Given the fact the Conflicting Applications Resolution was adopted in 2016 with the specific intention to “complete the set” of harmonisation-related resolutions, it can be confidently assumed that if a need had been felt to update the Resolution on the Grace Period, this would have been done or the intention to do so would have been communicated by the AIPPI during informal exchanges with them.

whilst only 12 or 20% had a rather negative view or considered it unacceptable. The AIPPI Resolutions received a neutral rating from 16 or 26% of individual respondents, and 7 or 11% did not reply or did not wish to answer the question, so that a total of 37% of individual respondents were non-committal in respect to the AIPPI Resolutions.

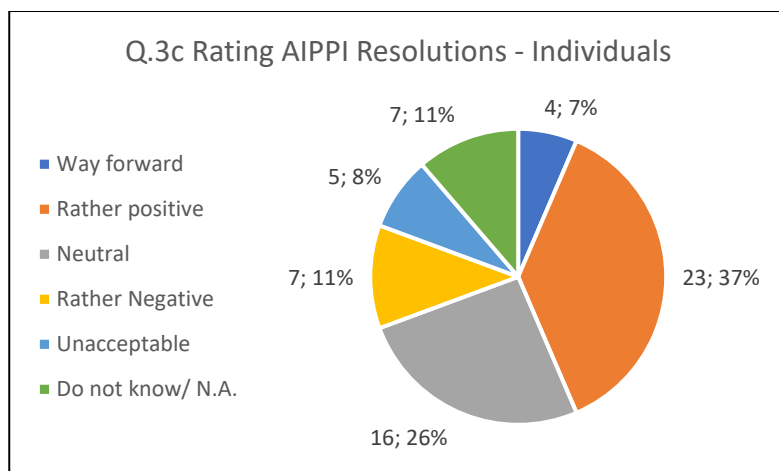


Fig. 12: Rating AIPPI Resolutions – Individual respondents (Total: 62)

114. Much of the disapproval of the AIPPI Resolutions was similar to that levelled at the FICPI Proposal, which is not surprising as there was considerable overlap between their substantive positions.

### 3.3.3.1. Lack of a mandatory declaration requirement

115. Amongst user associations, the main criticism of the AIPPI Resolutions leading to negative ratings was the lack of a declaration requirement (10 user associations; 6 individual respondents), an important safety measure, which many believed should be filed on the filing date of the application, with a detailed description of the date, place and content of all pre-filing disclosures (by or for the applicant). The lack of a declaration requirement would lead to legal uncertainty about the patent for years, and in the view of some respondents, meant that the grace period proposed by AIPPI did not meet the definition of a safety-net, and the absence of a mandatory declaration requirement was an issue which should be reconsidered.

### 3.3.3.2. Invoking the grace period throughout the term of the patent

116. As with the FICPI proposal, several respondents strongly believed that the grace period should not be able to be invoked throughout the life of the patent (6 user associations; 3 individual respondents).

### 3.3.3.3. Accelerated publication

117. Two respondents believed that if there was a grace period, accelerated publication at 18 months from the first pre-filing disclosure should take place, which of course, pre-supposed a

mandatory declaration requirement (giving consistent answers on this point with regard to both the FICPI and AIPPI packages).

### 3.3.3.4. Prior user rights

118. Please see comments under this heading for the FICPI package (para. 110\*\*).

### 3.3.4. Comparative analysis

119. It would be helpful to draw conclusions regarding the respective merits of the three user packages of norms, as perceived by the respondents to the survey. For this purpose, the respective ratings achieved during the consultation are included in the two charts below. Positive ratings are in green, negative ratings are in red, and non-committal responses (neutral and do not know/no answer) have been grouped to facilitate assessment of the results.

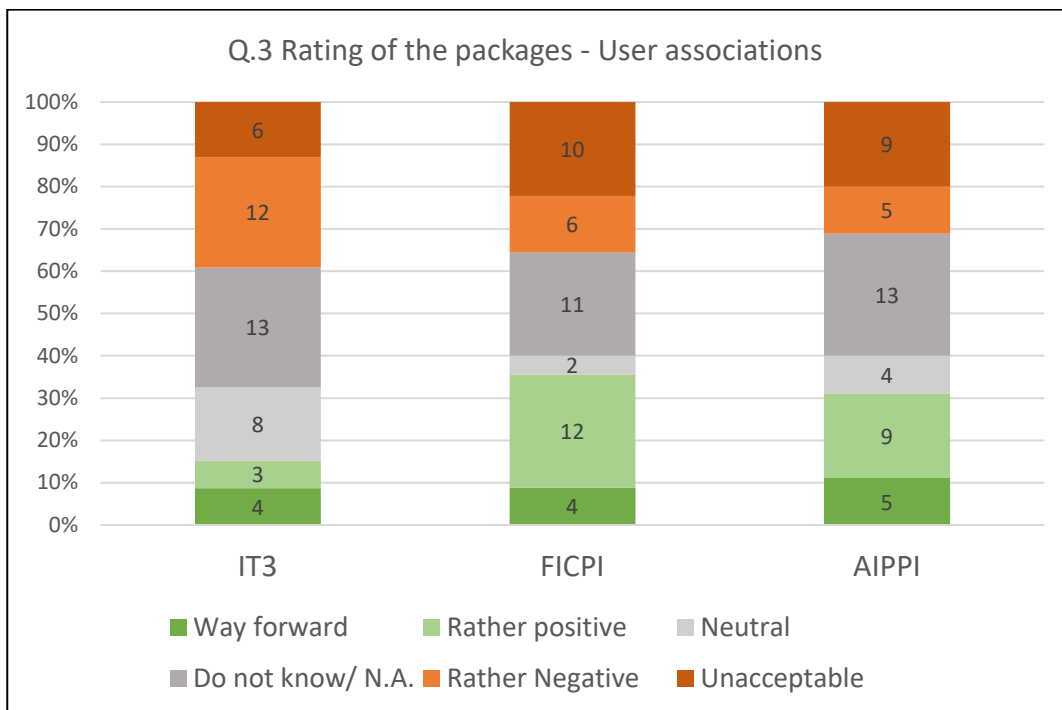


Fig. 13: Comparison – overall rating of IT3, FICPI and AIPPI packages – User associations (Total: 45)



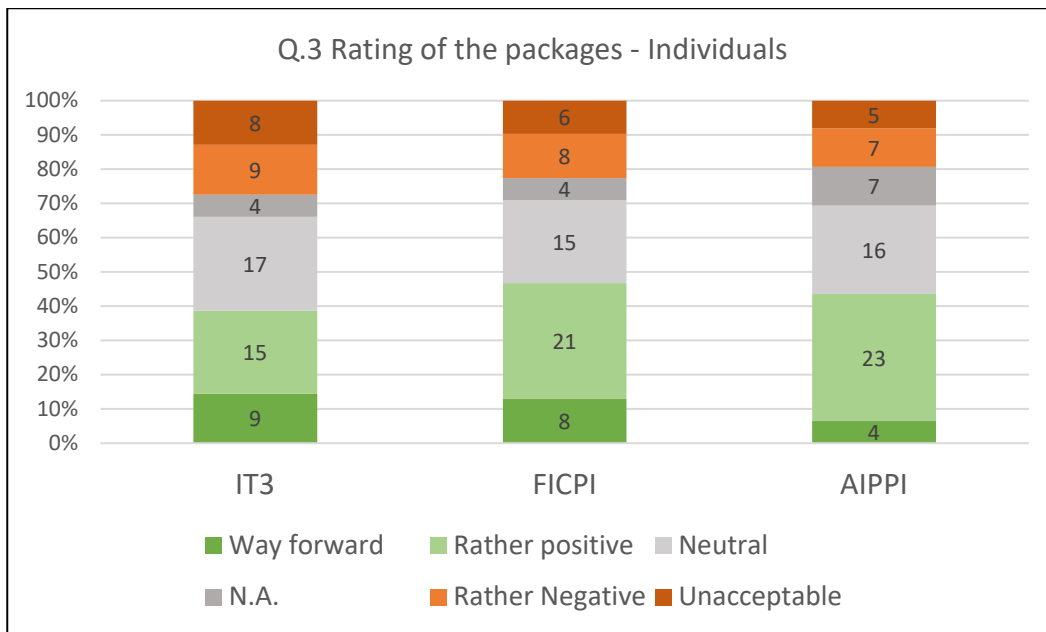


Fig. 14: Comparison – overall rating of IT3, FICPI and AIPPI packages – Individual respondents (Total: 62)

120. At the outset, it must be remarked that none of the packages have received an approval rate of over 50%. For both user associations and individual respondents, the FICPI Proposal received the highest approval rate of the three, whereas the AIPPI Resolutions received the lowest number of negative ratings. The IT3 Elements Paper received both the lowest level of positive ratings and the highest level of negative ratings for both user associations and individual respondents, in addition to the highest level of non-committal responses, either a neutral rating or no answer on the part of user associations.

121. Generally, the individual respondents appeared more open to consider innovative approaches than user associations, but the numbers may also partly reflect the comparatively high number of user associations who did not or could not answer the questions in the survey, in some cases certainly due to a lack of internal consensus.

### 3.4. Question 5: Preferred package: which package should form the basis for future work?

122. Since it was expected that the rating of the packages would be a daunting task for respondents which might not yield clear results designating a favourite package, respondents were asked to designate which of the three proposals should form the basis for future work on substantive patent law harmonisation, and explain the reasons for their choice.

123. None of the packages achieved the support of a majority of respondents, either amongst the user associations, or amongst the individual respondents, and viewed generally, the results show a three-way split amongst individual respondents and a four-way split amongst user associations, which had a large number of abstentions, probably due to the contentious nature of the issues and the resulting difficulties in achieving a consensus, underscoring the difficulty of harmonisation. All three packages were often picked by their respective proponents because they were perceived to achieve the best balance of interests between applicants and third parties. Moreover, some respondents commented on the similarities between the FICPI and AIPPI

proposals, with the IT3 Elements Paper being perceived as markedly different from the other two in its approach, scope and complexity. In addition, it was not lost on some of the respondents that both the FICPI and AIPPI built upon existing concepts and structures and at times developed them further, whilst the IT3 Elements Paper was more innovative.

124. The IT3 Elements Paper was the preferred option of the three, with 14 or 31% of user associations and 22 or 32 % of individual respondents believing that it could form a basis for further work<sup>15</sup>. This result is quite inconsistent with the ratings achieved by the IT3 package under the previous question, as it received the lowest approval rating of all three packages. The FICPI Proposal was chosen as the preferred package by 10 or 22% of user associations, and attained the same score as the IT3 amongst individual respondents (22 or 32%). Finally, the AIPPI found favour with 9 or 20% of user associations, and 19 or 27% of individual respondents.

125. At the outset, it must be remarked that the preference for the IT3 package expressed by respondents in Q.5 appears rather inconsistent if one considers the rating of the three packages by respondents in Q.3 above, where the IT3 package was ranked last by both user associations and individual respondents. This issue will be analysed and discussed below.<sup>16</sup>

126. These results show trends, but as will be recalled, the sample is relatively small. Focusing on user associations as the weightier sample, it must be pointed out that far more user associations preferred either the FICPI Proposal or the AIPPI Resolutions (collectively 19 or 42% of user associations) than the IT3 Elements Paper, with another quarter of the user associations (12 or 27%) either against all packages or unable to come to a consensus in this regard. This analysis holds true for all three of the packages: whichever package is considered, there are more user associations having favoured the other two packages. The same is true of the breakdown of individual respondents.

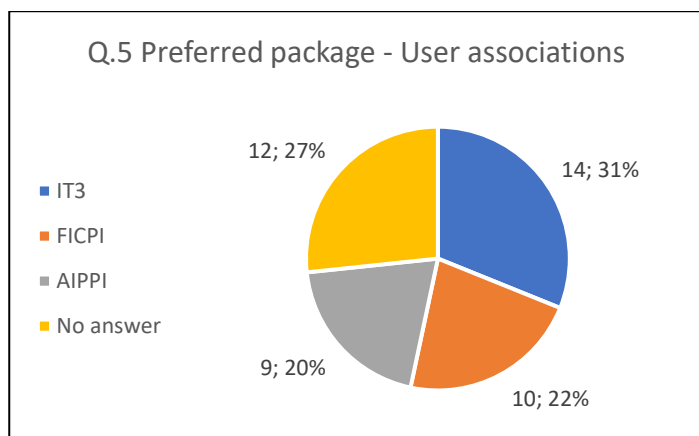


Fig. 15: Preferred package – User associations (Total: 45)

<sup>15</sup> Several individual respondents replied that they supported two or even all three of the proposals as a basis for further work, and it was decided to reflect their acceptance of the packages as a way forward rather than disqualify their acceptance because no preference was expressed. None of the user associations did so.

<sup>16</sup> See below Section 4 – Analysis.

127. Individual respondents were split three ways across the available options, with the IT3 Elements Paper and FICPI Proposal both supported by 32% of the respondents whilst the AIPPI Resolutions were supported by 27% of the individual respondents, with 6 or 9% giving no input.

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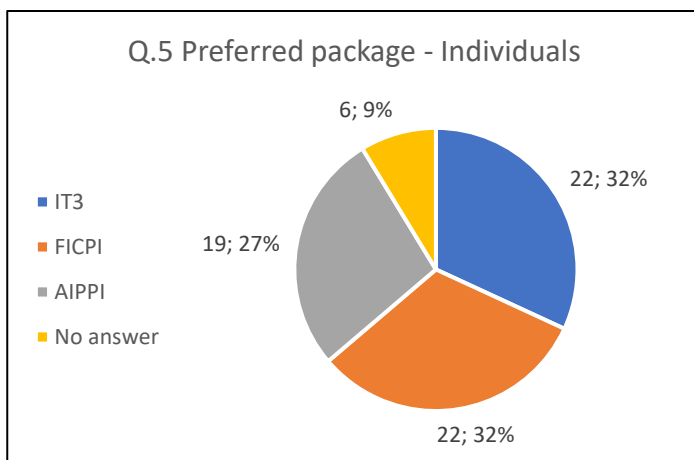


Fig. 16: Preferred package – Individual respondents (Total responses: 69).

128. Although some comments on the reasons for preferring one package over the others mentioned conflicting applications and prior user rights, the main focus of the respondents in discussing their preference was on the grace period, confirming the fact that it is the leading preoccupation of users of all persuasions when SPLH is discussed.

129. Moreover, through their comments, some respondents showed factual misconceptions about the proposals, which probably is simply a consequence of the degree of complexity of the material as well as its sheer volume.<sup>18</sup> It was decided to relate the original user input, but insert editorial comments as appropriate.

130. Finally, in keeping with the spirit of the question, far from considering any of the proposals as cast in stone<sup>19</sup> several respondents expressed support for one of the packages as a “starting point” for further discussion, whilst adding the elements they wished to see added, which were sometimes gleaned from another proposal.

<sup>17</sup> Five respondents indicated they were happy for SPLH to proceed with two or all three of the packages, and their approval for those packages as a way forward was recorded. Respondents having picked a package and commented that they would have selected none of the packages, but the form used by their national office did not allow them to proceed with the survey, were re-assigned to the “no answer” category, reflecting their position.

<sup>18</sup> One of the quandaries of the drawing up of the Common Consultation Document was whether to simplify and harmonise the text of the three proposals, or whether to keep the original wording of the individual packages. In an attempt to remain true to the intentions of the authoring associations, and mindful of the fact that textual nuance is essential in negotiated documents, in summarising the proposals, the wording of the three packages was kept. In hindsight, it might have simplified the task for users to couch all three proposals in consistent language which would have made the similarities and differences more apparent, and the input thus arguably perhaps more reliable.

<sup>19</sup> It was repeatedly noted that the IT3 Elements Paper was a work in progress, and both the FICPI and AIPPI proposal either leave some issues open or did not address some of the details contained in the Elements Paper.

### 3.4.1. Reasons for preferring the IT3 Elements Paper

131. Although the IT3 Elements Paper was criticised for being overly complex and some respondents were put off by the manner in which “*it significantly complicated the overall system in an attempt to protect every conceivable marginality*”, with its “*exaggerated casuistic approach*”, conversely, 6 respondents cited a positive impression of the comprehensive scope of the package and the depth with which it considered the issues: clearly, if true harmonisation is to be achieved, it is necessary to delve into a certain amount of detail.
132. Ultimately, as seen, it was the package which was preferred by the highest number of respondents. One of the main reasons cited by 8 respondents (including 3 involved in the IT3 process) is that they perceived it as striking the best balance between the rights and needs of applicants and third parties, as it “*describes features that seemingly provide a good basis to design a new patent system achieving a better balance between diverging interests*”. Some respondents cited or paraphrased the statement of intent quoted in the CCD, p. 7: “*The IT3 package aims to fairly balance the interests of all actors in a patent system which promotes innovation and protects the rights of innovators and third parties.*”, (including some respondents involved in the IT3 process) but without highlighting their opinions of how the IT3 package achieved this.
133. However, cautiousness is required before interpreting some of these results as an endorsement of the IT3 Elements Paper in its present incarnation.
134. As explained by 10 respondents in their comments (4 user associations; 6 individual respondents), the main feature which gave the IT3 Elements Paper an edge over the other two proposals was the provision of a “mandatory declaration”, which some respondents clearly interpreted to mean a requirement akin to the Japanese requirement, where if a disclosure by or for the applicant is not listed, it is not graced.<sup>20</sup> Many of the comments on the FICPI and AIPPI proposals which were lacking a mandatory declaration either implicitly assumed that the declaration requirement which they were missing and envisaged would apply to all pre-filing disclosures, or this detail was caught and it was clarified that the declaration should be mandatory, i.e. for all disclosures (by or for the applicant), to enhance legal certainty and so that third parties were not burdened with the task of determining whether a pre-filing disclosure was graced or not.
135. For instance, one user association stated that it preferred the IT3 package as a way forward because, unlike the FICPI and AIPPI approaches, it contained a declaration requirement. However, the declaration requirement envisaged by the association was somewhat different from that proposed by the IT3, which sought to alleviate the burden on applicants by only requiring them to list the first disclosure, and not any further disclosure which might show “insignificant

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<sup>20</sup> See CCD; p.11: The first paragraph seems absolute: “*Obligation: Applicants are required to file a statement identifying the PFDs of the applicant which are to be graced, to provide notice to third parties.*” The second qualifies that “*Not all disclosures must be listed: re-disclosures by the applicant of earlier PFDs already listed in the statement do not need to be listed separately if there are only insignificant differences between the re-disclosure and the prior PFD referenced in the Statement.*” It is observed here that whilst advantageous to applicants, this will increase the burden on third parties and decrease legal certainty. What if the second disclosure is not dated and does not allow an easy determination of its origin?

differences”<sup>21</sup>: *“It is of utmost importance that legal rights prevail and that third parties would be aware that the grace period had been utilized for a certain PFD and a patent application. This would provide for a fair-balance of including such a period. It should be mandatory for any party utilizing a grace period to disclose his PFD via statement or by other equivalent means, which then should be easily accessible for third parties. There should be no exception to this requirement, except in case of evident abuse.”*

136. Addressing the issue of re-disclosures by third parties, one individual respondent observed that it might be complicated for third parties to determine whether a disclosure was graced if the invention or the patent was assigned as *“the public at large might not be able to trace the disclosures and the relations between”* [them].
137. In their responses, several respondents characterised the IT3 Elements Paper in an inaccurate manner, but this is valuable nonetheless, as it gives us insight into what is important for them. For instance, one individual respondent stated that the Elements Paper was the *“safest proposal preserving the most legal certainty, in particular because of the requirement for the filing of a statement at the time of filing of the patent application”* – this latter part is inaccurate and the fact that the IT3 has not agreed to a hard time limit on this matter explains many of the complexities of the IT3 proposal.
138. For several respondents the stance was clearly not an endorsement of the package “as is” but an agreement that the Elements Paper should serve as a starting point for further discussions. In particular: *“the IT3 Elements Paper is not an agreed package by all its members and needs further alignment and simplifications”*. It is noteworthy that two respondents involved in the IT3 process stated that it was a *“good basis to design a new patent system achieving a better balance between diverging interests (applicants/third parties)”*.
139. Another winning aspect of the IT3 Elements Paper cited as a reason for their preference by three respondents to this particular question is the innovation proposed with regard to accelerated publication of the application, where the grace period has been invoked, to 18 months from the earliest pre-filing disclosure. However, the conclusion drawn was that this entailed that the declaration had to be filed with the application or at the latest 16 months from the earliest pre-filing disclosure (allowing offices to accelerate publication, with the declaration being published along with the application) – features which are not part of the IT3 proposal at present.
140. With regard to prior user rights, one respondent association stated that prior user rights should be included in the implementation of any grace period, since it is essential that independent users/innovators be protected from late-filed applications relying on the grace period, and 4 respondents mentioned in their comments that they found that harmonisation of prior user rights was important.
141. With regard to conflicting applications, no respondents commented favourably on the solution proposed by the IT3, although one association pragmatically concluded that it was the only proposal which would be susceptible of achieving an international compromise with US users. One respondent stated that although they had picked the IT3 Elements Paper as the preferred

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<sup>21</sup> A term which is not defined in the proposal, which at least one respondent association found problematic.

basis for further work on SPLH, they were against anti-self-collision and did not agree with the proposed IT3 solution to the treatment of conflicting applications.

142. Finally, it is observed that another feature which helped IT3 achieve high ratings is the fact that it was not agreed whether the grace period should be able to be invoked throughout the term of the patent. The fact that FICPI expressly indicated this to be the case, and that it was assumed to be the case under the AIPPI Resolution was certainly damaging to the perception of their respective packages.

### **3.4.2. Reasons for preferring the FICPI Proposal**

143. Ten respondents (5 user associations; 5 individual respondents) stated that their preferred package was the FICPI Proposal, because they perceived it as providing the most reasonable or best balance of the three packages.

144. Also attractive: 10 respondents opined the proposal was clear and coherent, and simple to understand. In the words of one: *“the FICPI proposal sets out a clear, coherent set of principles which provide a fair balance of interest for the stakeholders of the patent system, whilst drawing on existing standards. They would not add significantly to the cost or complexity of the patent system.”* Two respondents also felt that it was a middle-of-the-road proposal which would be easier to implement. Several proponents of the FICPI proposal also gave positive feedback regarding the AIPPI proposal, noting that they were quite close to one another in their general characteristics (simplicity and coherence; balanced approach) and aligned on several important aspects (conflicting applications; prior user rights)<sup>22</sup>.

145. The FICPI proposal was considered by some to be a good starting point, and three respondents, including one major user association felt that a mandatory declaration should be added, which should be filed by 16 months from the first pre-filing disclosure at the latest, so that the application claiming a grace period could be published at 18 months from the first pre-filing disclosure, along with the declaration. Some respondents believed that the feature that the grace period could be invoked at any time throughout the life of the patent should be removed.

146. One respondent (a university) thought the voluntary statement, an innovation proposed by the FICPI Proposal, which would provide certain advantages to the applicant, was preferable to a mandatory requirement, as it would not impose an extra burden on the applicant.

147. Despite the lack of a declaration, 5 respondents expressly agreed with the characterisation of the FICPI grace period as a “safety-net”, stating that it would ensure that invoking the grace period would remain an exception and be applicable in a strictly limited manner.

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<sup>22</sup> Here, again, we note a certain lack of precision: the FICPI prior user rights, modelled on Australian prior user rights, assume that if a pre-filing disclosure is made by the applicant, it puts the invention in the public domain, and if this is the case, no issue of whether the third party is in good faith arises. The AIPPI conception of prior user rights appears to be aligned with the general approach in European jurisdictions, which requires “good faith” or “Redlichkeit” from the prior user.

148. However, 4 respondents explained that their preference for the FICPI proposal was partly due both to the norms proposed on conflicting applications, which are aligned with the EPC and would treat all applicants equally, without anti-self-collision, and those on prior user rights. The proposed norms on conflicting applications and prior user rights were singled out individually as motives for preference by two further respondents.
149. Finally, regarding the grace period, several respondents indicating a preference for the FICPI proposal as a basis for further work on SPLH mentioned that they were against the grace period, and a few indicated their preference for a 6-month grace period.

### **3.4.3. Reasons for preferring the AIPPI Resolution**

150. In line with the two other packages, 7 respondents (5 user associations; 2 respondents) gave as a main reason for preferring the AIPPI Resolution the fact that they considered it to provide the best balance between the interests of applicants and third parties.
151. It was also, much as the FICPI proposal, considered by 6 respondents to be clear and simple, stating that it was “practical” and “pragmatic”, “avoiding complications” (as well as “any exaggerated casuistic approach”), and “did not impose burdens on the applicant and offices whilst protecting the interests of third parties, the public and applicants/inventors”.
152. One respondent association cited the proposed norms on conflicting applications and prior user rights as a main ground for preferring the AIPPI package. One respondent cited the approach to conflicting applications only (without anti-self-collision and applying to novelty only), and another respondent grounded their preference on the norms on prior user rights only, as they disagreed with both the IT3 approach to the good faith requirement and the FICPI approach to prior user rights when the knowledge of the invention has been derived from the applicant through a pre-filing disclosure.
153. Whilst one respondent preferred the AIPPI Resolution provided that it were modified to accommodate a mandatory declaration as well as accelerated publication of the application, three respondents stated on the contrary that their reason for preferring the AIPPI Resolution was because it did precisely did not provide for a declaration requirement, which they believed would introduce great complexity into the system. Four respondents were prepared to consider a voluntary declaration as per the FICPI proposal, but otherwise, opposed a mandatory statement, with three, two of them associations, finding that if a third party could rely on an early disclosure to engage in activities which would then ground a prior user right, it would offer a sufficient incentive for applicants to then file an application as soon as possible after a pre-filing disclosure.
154. One feature distinguishing the AIPPI Resolution from the FICPI Proposal was that the AIPPI clearly states that the grace period should be calculated from the earlier of the priority or the filing date, whereas the FICPI proposal did not have agreement on this point one way or the other. Two respondents which approved of both the FICPI and AIPPI packages, opted for the AIPPI in the end on this ground.

155. One ground given amongst others by a university/research institution was that in the AIPPI package, the burden of proof was on the party claiming benefit of the grace period that the disclosure shall be excluded from the prior art. That respondent also agreed with the AIPPI statement that *“harmonization of the laws on the grace period is considered to be more important in and of itself than any of the particular details of scope and term of the grace period”*.

#### **3.4.4. Conclusions on the preferred package**

156. To conclude, it is interesting how arguments of balance were the most prevalent invoked by respondents to justify preference of all three packages. This illustrates how in harmonisation efforts, where it is attempted to reach policy decisions on harmonised norms based on what is considered “best practice”, perceptions of what constitutes best practice can vary wildly, even when considered by pools of experts emanating from the same jurisdiction (EPC), and thus presumably imbued by the same “legal culture” and prevailing notions of fairness.

157. Less surprising was the next point of focus, the degree of complexity of the packages. Whereas the IT3 package was considered overly complex<sup>23</sup>, by comparison, the FICPI Proposal and AIPPI Resolution were praised as clear, coherent and simple.

158. What is also noticeable is that respondents, whilst considering the norms as packages as requested, nevertheless shared their views on how the packages could be improved, inspired by features found in competing proposals, whilst occasionally emphasising the importance of coherence when reaching compromises in the SPLH process.

159. It is hoped that stakeholders involved in SPLH efforts will take note of the various positions, arguments and proposals made by the respondents to the consultation.

#### **3.5. Question 7: Evaluation of norms relating to the grace period**

160. The next three survey questions focused on the sets of norms pertaining to each issue: grace period, conflicting applications and prior user rights. It was deemed useful to get feedback on which aspects of the packages elicited approval or criticism, without delving into the merits of individual features of these norms. For this purpose, respondents were asked to rate each of the sets of norms in each package on a scale from 1 to 6, as they had done previously for the packages themselves: (1) Would support as a way forward; (2) Rather positive opinion; (3) Neutral; (4) Rather negative opinion; (5) Unacceptable; (6) Do not know/Do not wish to answer.

161. For the grace period, all three packages<sup>24</sup> proposed the adoption of a grace period and thus, a sea-change in patent policy in Europe and under the EPC. However, there were marked differences in the definition of the grace period, as well as in the level of detail of the individual proposals.

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<sup>23</sup> Reminiscent of the input the IT3 had already received from the Group B+ delegations.

<sup>24</sup> For a detailed overview of the substantive proposals, reference is made to the CCD.



162. The outcomes are set out in the two tables below. There were no clear favourites. As with other questions for which respondents were required to rate packages or sets of norms, many user associations did not or could not answer the question in respect to all proposals, and conversely, a large proportion of individual respondents gave all the proposals neutral ratings. Although there were some differences in the ratings, they were largely a matter of degree, and in any event not statistically significant, only indicative of trends.

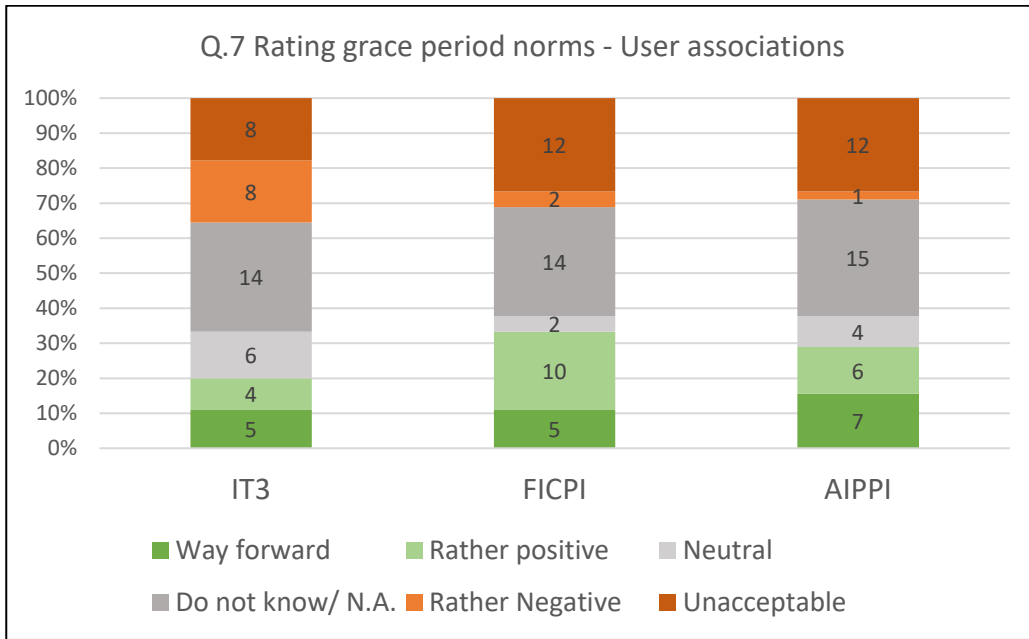


Fig. 17: Q.7 Rating grace period norms – User associations (Total: 45)

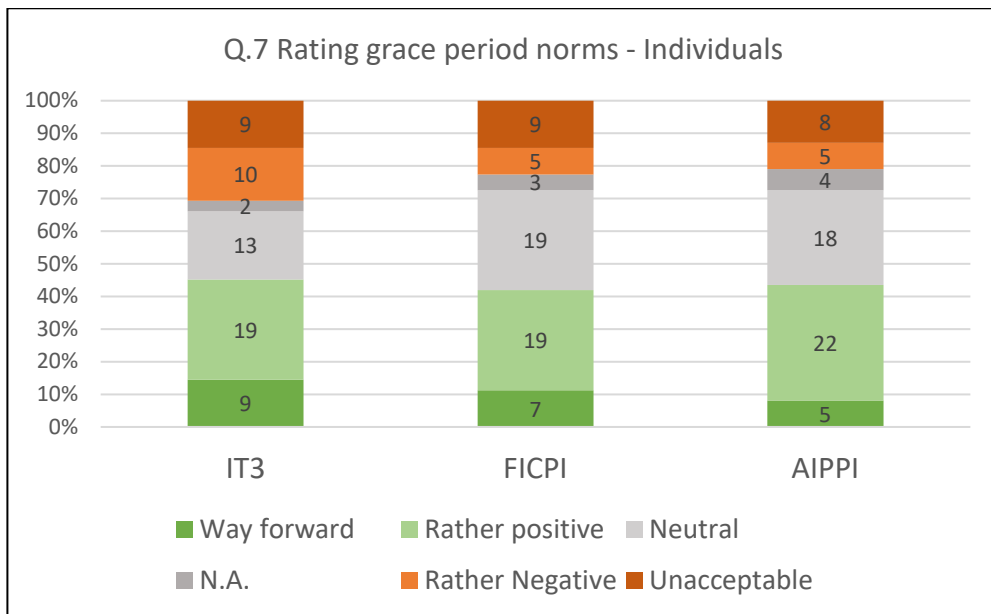


Fig. 18: Q.7 Rating grace period norms – User associations (Total: 62)

### 3.5.1. Rating of the IT3 norms on the grace period

163. The IT3 norms on the grace period received the highest support of all proposals by individual respondents, but also the highest level of negative ratings from individual respondents, and they received the lowest support of all proposals from user associations. Moreover, of the 5 user

associations who indicated that they considered the IT3 grace period norms to be the way forward, at least 3 could be identified as heavily involved in the IT3 process, so that the support from consulted user associations is quite thin indeed. Overall, 9 or 20% of user associations gave a positive rating to the IT3 norms on the grace period; 20 or 44% either did not know/did not answer or had a neutral opinion, and 16 or 36% had a negative view or considered the set of norms to be unacceptable.

164. Amongst individual respondents, the IT3 proposal earned both the highest number of positive and the highest number of negative ratings. A full 28 or 45% had positive views of the grace period norms, whilst 15 or 24% had neutral views or did not answer (the lowest figure of the three), and 19 or 31% had a negative view /found them unacceptable. On the whole, however, individual respondents seemed more open to marked changes than user associations.

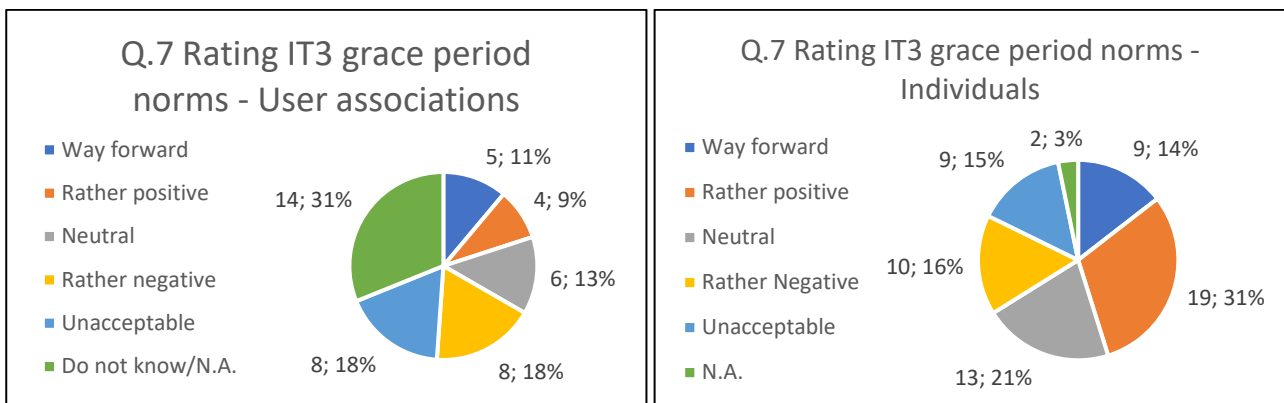


Fig. 19: Q.7 Rating of the IT3 grace period norms

165. Aside from the concept of accelerated publication, which is controversial and would pose certain challenges, but appears to have found favour with some respondents, none of the other innovations appear to have made a positive impression on respondents.

166. One element which appears to have played in favour of the IT3 Elements Paper is that the other two proposals did not provide for a mandatory statement, and from the comments, clearly, respondents chose to support the IT3 proposals, ignoring e.g. the limitations of the IT3 proposal in terms of the scope of the obligation of the applicant for the statement requirement and the modalities of timely filing, but then specifying in their comments how the declaration requirement should be conceived – i.e. differently from that contained in the IT3 Elements Paper.<sup>25</sup>

### 3.5.2. Rating of the FICPI norms on the grace period

167. The FICPI grace period norms enjoyed the greatest support amongst user associations (although here, as well, of the 5 associations who rated the FICPI proposal as the “way forward”, 3 were national FICPI associations, i.e. hardly impartial observers of the process), but the FICPI and AIPPI norms both received a much higher level of ratings deeming them “unacceptable”(12) than the IT3 norms (8). Overall, 15 or 33% of user associations had a positive opinion of the FICPI proposed norms, whereas 16 or 35.5% either had a neutral opinion or did not know/did

<sup>25</sup> See comments above, pp. 36-37.\*\*

not answer, and finally 14 or 31.5% had a negative view, including the largest number of user associations (12) considering the norms on the grace period “unacceptable”.

168. As far as individual respondents were concerned, 26 or 42% viewed the FICPI norms on the grace period positively, 14 or 22% viewed the norms as rather negative or unacceptable, and 22 or 36 % viewed them as neutral or did not answer.

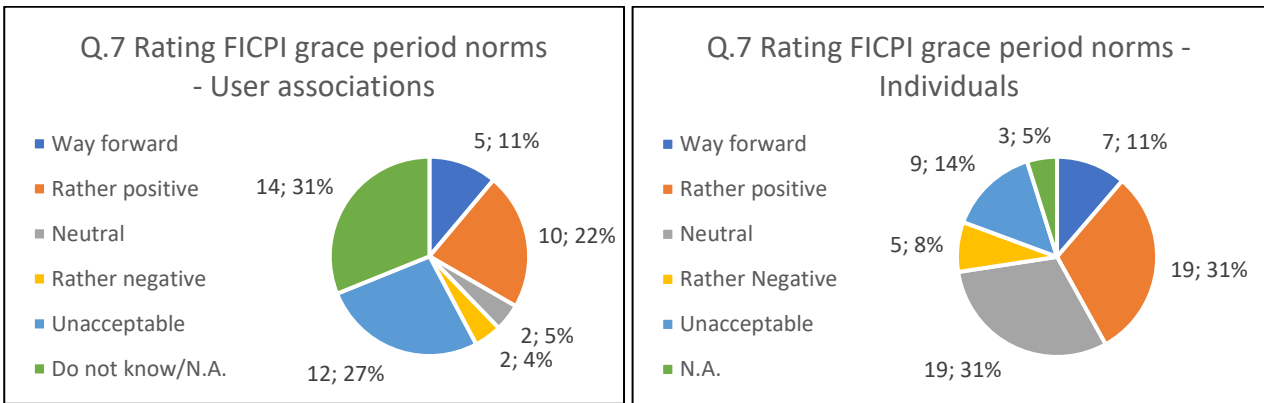


Fig. 20: Q.7 Rating of the FICPI grace period norms

### 3.5.3. Rating of the AIPPI norms on the grace period

169. The AIPPI proposal also contained a 12-month grace period, without a declaration requirement, calculated from the earlier of the filing or priority date, with the burden of proof on the applicant to show that the pre-filing disclosure should be graced. It clarified that invoking the grace period would have no effect on the date of publication of the application, and it appeared to be assumed that the grace period could be invoked throughout the term of the patent.

170. The AIPPI results were middle of the road: 13 or 29% of user associations had a positive view of the norms proposed by AIPPI on the grace period, whilst another 13 or 29% had negative views, with 12 or 27% considering the proposals “unacceptable”, and 19 or 42% being non-committal, with 15 or 33% not answering.

171. Individual respondents viewed the AIPPI grace period norms slightly more positively than those of FICPI: 27 or 42% gave positive ratings, whereas 13 or 21% held a negative opinion, with 18 or 29% being neutral and 4 or 6% not responding.

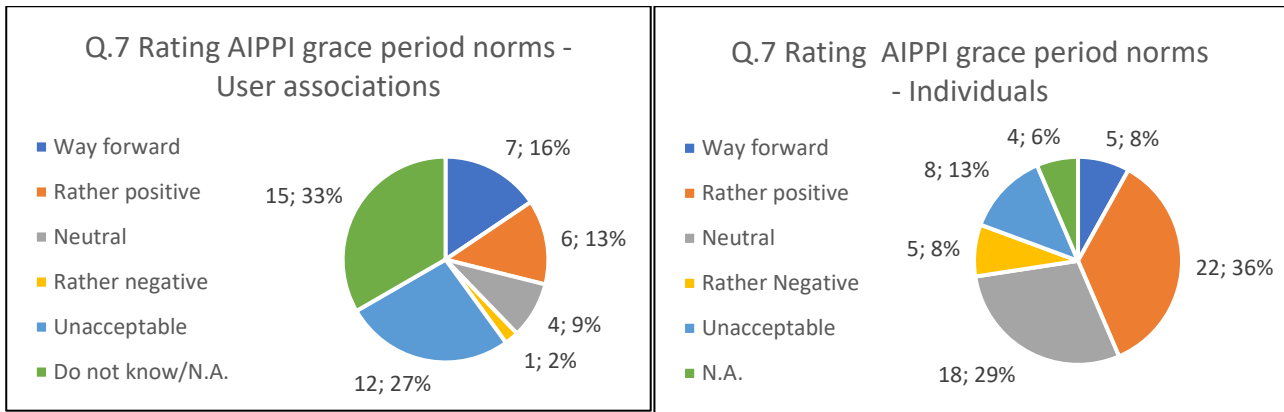


Fig. 21: Q.7 Rating of the AIPPI grace period norms

### 3.5.4. Conclusions regarding the norms on the grace period

172. There was no clear favourite, with the packages achieving the highest positive ratings in a given group simultaneously being deemed by the highest number of respondents to be “unacceptable”: FICPI for the user associations, and the IT3 for individual respondents.
173. However, several respondents commented that they strongly felt that (a) a mandatory declaration should be part of any agreement; (b) to be filed at the latest by 16 months from the date of the earliest pre-filing disclosure; (c) leading to an accelerated publication of the application at 18 months from the earliest pre-filing disclosure.

### 3.6. Question 8: Evaluation of norms relating to conflicting applications

174. For the grace period, all three packages proposed the adoption of a grace period and thus, a stark contrast to the status quo under the EPC. For conflicting applications, however, both the FICPI Proposal and the AIPPI Resolution proposed norms aligned with the EPC, i.e. with secret prior art being relevant for novelty only, without anti-self-collision, so that all applicants are treated equally. The only difference between the two sets of norms was that the FICPI Proposal specified a norm on anti-double-patenting<sup>26</sup>, whereas this issue was not addressed in the AIPPI Resolution (i.e. there was no different proposal on this point).
175. In contrast, the IT3 Elements Paper contained a proposal for a harmonised, compromise system which would require changes to be brought to the EPC which would bring it closer to the current “enhanced novelty” system in Japan (applications would have to meet a threshold defined “as novelty + common general knowledge”, with anti-self-collision) as an indivisible part of a reform package.

<sup>26</sup> See CCD, p. 21. “Anti-double patenting should be limited to claims having identical scope in co-pending applications filed by same applicants with the same filing/priority date”.

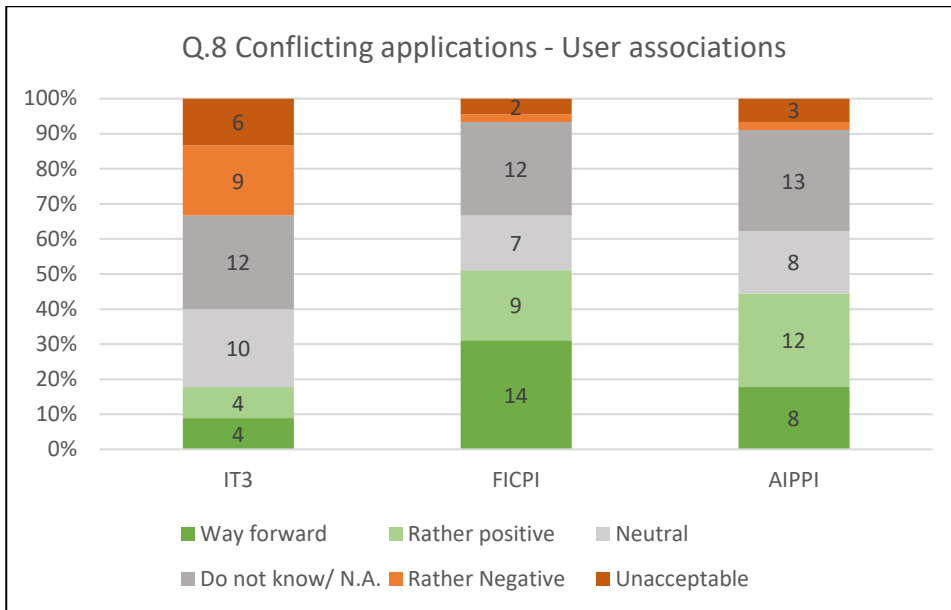


Fig. 22: Q.8 Ratings of conflicting applications norms – User associations (Total: 45)

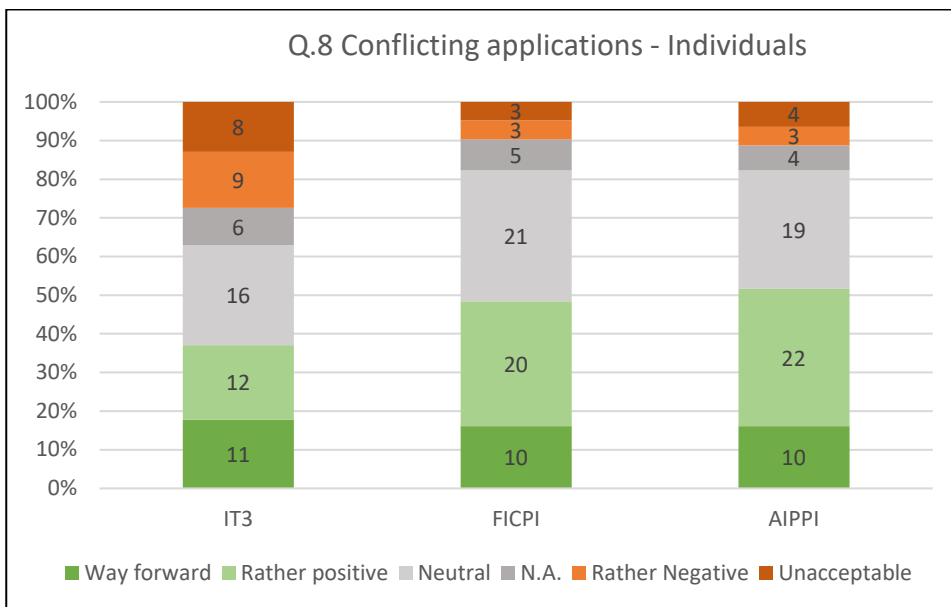


Fig. 23: Q.8 Ratings conflicting applications – Individual respondents (Total: 61)

### 3.6.1. Rating of the IT3 norms on conflicting applications

176. Not surprisingly, given that the IT3 Elements Paper contains an agreed compromise which would modify the EPC, as opposed to the FICPI Proposal and AIPPI Resolution which both essentially propose the EPC as a model for an international regime, the IT3 norms on conflicting applications received the lowest level of positive ratings with 8 or 18% of user associations and 23 or 38% of individual respondents and the highest level of negative ratings, with 15 or 33 % of user associations and 17 or 27% of individual respondents. Approximately a fifth of user associations (10 or 22%) and a quarter of individual respondents (16 or 26%) gave a neutral rating whilst more than another quarter of user associations (12 or 27 %) did not or could not answer. Amongst individual respondents, only 6 or 10% did not provide an answer.

177. From the comments made by respondents in relation to the grounds for choosing their preferred package (Q.5), and despite the general focus of respondents on the issue of the grace period, the norms on conflicting applications in the IT3 Elements Paper played an important role for some respondents in rejecting the IT3 package as a whole. In particular, respondents opposed anti-self-collision. On balance, however, despite very modest acceptance by respondents, the IT3 compromise proposal does not appear to be a dealbreaker. In fact, one association rated it as the way forward not on the basis of preference but because it favoured SPLH and it was the only proposal susceptible of being accepted by US stakeholders.

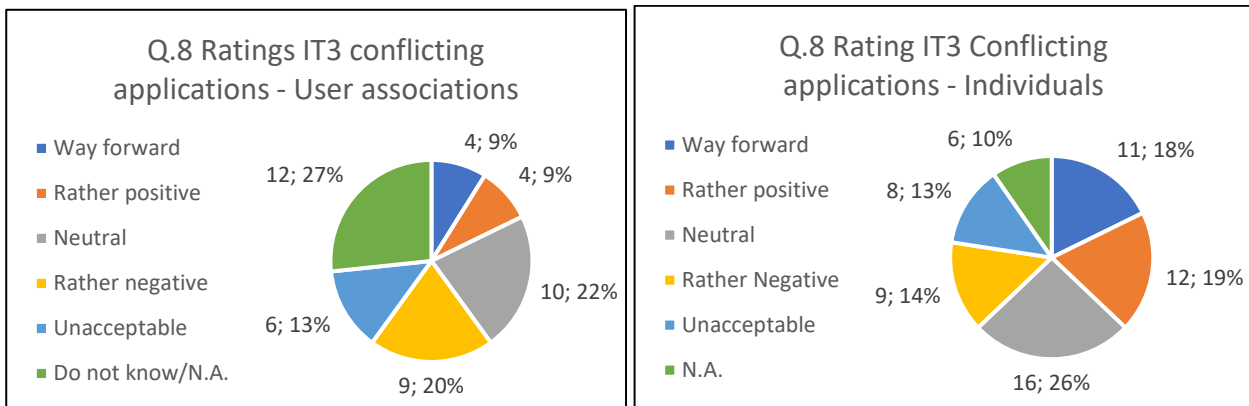


Fig. 24: Q.8 Rating of the IT3 conflicting applications norms

### 3.6.2. Rating of the FICPI norms on conflicting applications

178. The FICPI norms on conflicting applications were, as mentioned, aligned with the EPC, a fact which was pointed out in the Common Consultation Document, and it is the set of norms on conflicting applications that fared the best in the ratings. A majority of 23 user associations, or 51% of user associations gave the FICPI set of norms a positive rating, making it the preferred set of norms on conflicting applications amongst user associations. More surprising is that a total of 19 or 43% of user associations either did not provide an answer or gave a neutral rating, with 3 or 6% rating the norms as either “rather negative” or “unacceptable”<sup>27</sup>.

179. Of the individual respondents, 30 or 48% gave the FICPI norms on conflicting applications a positive rating, whereas a surprising 26 or 42% were either neutral (21 or 34%), or did not know or did not answer (5 or 8%), and 6 or 10% gave the FICPI norms a negative rating.

<sup>27</sup> It is recalled here that, in line with the methodology explained above in § 31\*\*, where a user association ticked two boxes, the answer was tabulated as “do not know/no answer”.

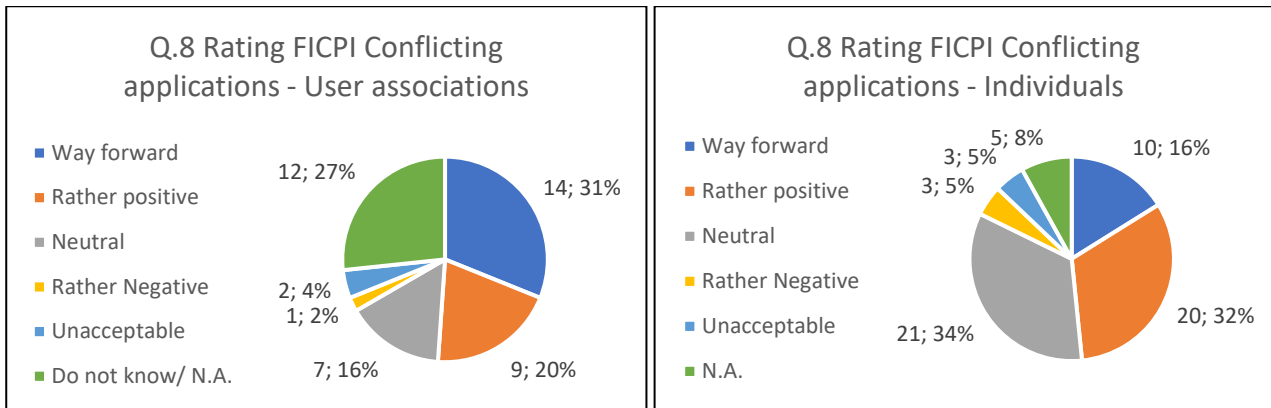


Fig. 25: Q.8 Rating of the FICPI conflicting applications norms

### 3.6.3. Rating of the AIPPI norms on conflicting applications

180. In essence, on conflicting applications, the AIPPI Resolution was aligned with both the FICPI proposal and the EPC. However, it received positive ratings on conflicting applications from 20 or 45% of user associations, fewer than the FICPI Proposal. Once again, relatively large numbers of user associations were non-committal, with 21 or 47% either giving a neutral rating (8 or 18%) or not giving a reply to the question (13 or 29%). Finally, 4 user associations, or 8%, considered the AIPPI norms on conflicting applications either “rather negative” or “unacceptable”.

181. The majority of individual respondents gave the AIPPI norms on conflicting applications a positive rating, 32 or 52% making it the preferred set of norms amongst individual respondents. Further, 7 or 11% of individual respondents had a negative opinion of the AIPPI set of proposed norms on conflicting applications, with 19 or 31% being neutral and 4 or 6% not replying to the question, so that over a third of respondents remains non-committal with regard to the AIPPI proposal on conflicting applications despite its alignment with the EPC.

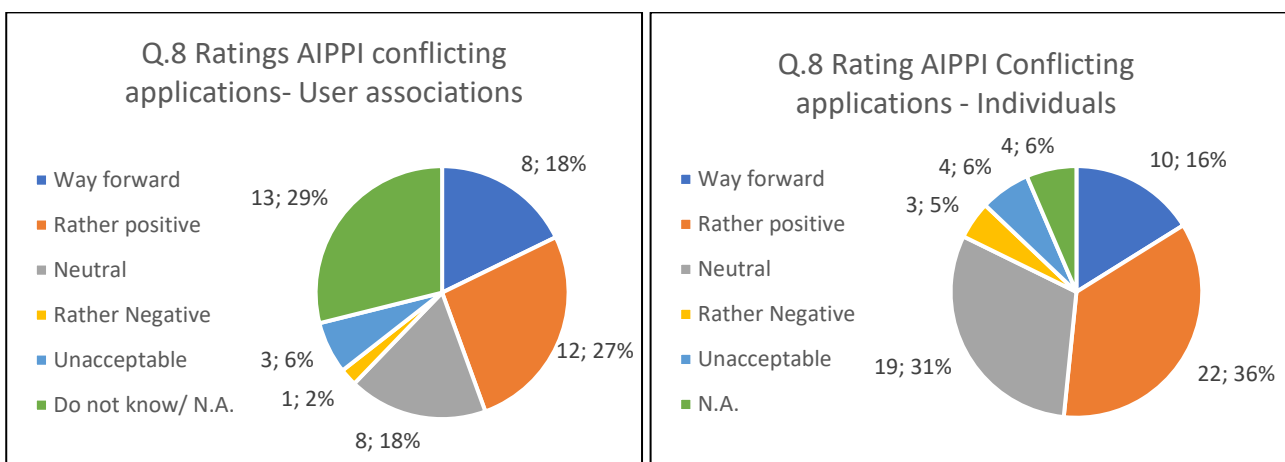


Fig. 26: Q.8 Rating of the AIPPI conflicting applications norms

#### 3.6.4. Conclusions regarding the norms on conflicting applications

182. The preferred packages were the FICPI Proposal and AIPPI Resolution, with both user associations and individual respondents being more critical of the IT3 Elements Paper. Several respondents and particularly user associations (such as epi) were adamant that all applications must be treated equally, i.e. be evaluated in light of novelty only, without anti-self-collision provisions, in effect arguing that international harmonisation should take place on the basis of the EPC. However, the ratings of the FICPI and AIPPI packages were at times surprising.
183. Given the fact that the FICPI Proposal and AIPPI Resolution both essentially proposed the EPC approach (the only difference being that the FICPI Proposal specified a norm on anti-double-patenting, whereas the AIPPI Resolution was silent on this point, and did not specify a different approach), it could have been expected that the ratings of both proposals would have been largely identical, and indeed, this was the case for 74% of user associations and 70% of individual respondents. But the discrepancies provide insight into the consistency and perhaps the motivation of respondents.
184. The fact that a quarter to a third of the respondents assigned different ratings to the FICPI and AIPPI conflicting application norms is quite revealing, and suggests that the respondents may not have been assessing the set of norms individually as requested. Of the 11 user associations which assigned different values to the FICPI and AIPPI norms on conflicting applications, not coincidentally, 6 of those rated the norms of their preferred package (one of the two) higher than the other. This was also the case with 14 of the 18 individual respondents. Whilst generally, it would have to be expected that the evaluation of a sub-set of norms would reflect the general preference for a package as expressed in response to Q.5 of the survey, arguably, on an impartial assessment of essentially similar rules, one would have expected less variation between the assessment of the two sets of norms.
185. Independently of this, one would also expect a higher level of support for the FICPI and AIPPI proposals to ...leave the EPC intact, yet both packages also received a few surprising ratings of “unacceptable”. However, upon closer scrutiny, it becomes apparent that for two user associations and 3 of the 4 individual respondents, the “unacceptable” ratings for these two proposals came from the same respondents, who assessed all the packages to be unacceptable and extended this rating indiscriminately to all sets of norms, because they were against the grace period and thus clearly wanted to make the point that they did not support any package. One individual respondent gave the AIPPI a rating of unacceptable, possibly to push their preferred package, and did not give an answer to the FICPI proposal on this point. At least one user association gave ratings of “rather negative” to the AIPPI and FICPI proposals, explaining that it preferred PCT applications becoming prior art upon publication in all designated countries, and gave the same rating to the IT3 proposal, because it departed from the general rule of Art. 54(3) EPC.
186. Also somewhat bewildering with regard to the FICPI and AIPPI proposals, was the proportion of both user associations and individual respondents who did not know or didn't answer the question, as well as those who were neutral: between a third and half of all respondents, given that these proposals reflected the status quo under the EPC, with respect to principles which are perceived to be largely uncontroversial in Europe.



### 3.7. Question 9: Evaluation of norms relating to prior user rights

187. Unlike the grace period and conflicting applications, prior user rights are not comprised in the EPC, but are defined by the national law of the EPO member states. Within Europe, these rights present many similarities, but are not fully harmonised.
188. The three user packages contained considerably more variations in the proposals concerning prior user rights than with regard to the other two sets of proposed norms.<sup>28</sup> For many details of prior user rights, the three proposals are equivalent. However, there are two elements for which the substance of the three proposals differs: the conditions of accrual of the right, for which the IT3 offers two options without indicating which one will be adopted, and the issue of whether prior user rights may accrue when the knowledge of the invention was derived from the applicant. The norms relating to the latter issue constitute the major difference between the three proposals, which is focused on here.
189. In the absence of a grace period, the main function of prior user rights is to preserve the rights of independent inventors, who may have elected to practice the invention in secret rather than patent it (as well as those of third parties which have obtained knowledge of the invention in good faith through transactions subject to confidentiality agreements). Within the context of a grace period, prior user rights may take on an important systemic role by forming a deterrent to the use of the grace period. When prior user rights are considered to form part of the definition of a safety-net grace period, it is usually the case that they are interpreted to be able to accrue for third parties having legitimately derived the invention from the applicant, e.g. through a pre-filing disclosure made by the applicant or with their consent. It is argued by some that this balances the advantages for applicants by creating protection for third parties, as well as a risk for applicants who use the grace period, so as to create a deterrent to the use of the grace period, thereby enhancing legal certainty. This is one of the most contentious issues discussed within the realm of SPLH, and it is where the user proposals differ the most.
190. The prior user rights section of the IT3 Elements Paper is somewhat convoluted, and remains a work in progress. However, as far as the issue of derivation from the applicant is concerned, the focus is not on balancing the grace period: it is aimed solely at ensuring the timely filing of the statement (not the application), for which there is no hard deadline in the proposal. In principle, no prior user rights would arise where knowledge of the invention was derived from the applicant, unless (i) the prior use or preparations took place more than 18 months prior to the publication of the application, and (ii) the statement was filed late. In practice, this means that where the statement is filed in a timely manner (so as to ensure that the publication of the application can be accelerated to 18 months from the first pre-filing disclosure), the applicant would be shielded from prior activities of third parties based on a pre-filing disclosure occurring prior to the filing or priority date. A window to obtain prior user rights based on knowledge of the invention derived from the applicant would open if the statement was filed late, up until the priority

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<sup>28</sup> For more complete information on the three user proposals, see the Common Consultation Document, pp. 15-20.

or filing date – an arguably arbitrary condition completely unrelated to the original purpose of prior user rights, so that the norm would create neither a deterrent to the use of the grace period nor an incentive to file an application quickly once a pre-filing disclosure has occurred, but on the contrary, would provide an additional advantage for the applicant beyond the mere gracing effect of the grace period.

191. The FICPI proposal for prior user rights was largely based on Australian law, which relies heavily on prior user rights as a disincentive to the use of the grace period, as it does not have a declaration requirement. Qualifying activities for which a prior user right may accrue may be based on knowledge in the public domain at the time the prior user started their activities, e.g. from a pre-filing disclosure which has been made with the applicant/patentee's consent, provided such activities are "legitimate". This is an essential component of the characterisation of a "safety-net" grace period, as it not only deters the use of the grace period but gives an incentive to file an application quickly once a pre-filing disclosure has been made, thereby also limiting the potential for re-disclosures of the applicant's invention by third parties. Such rights may also be based on confidential information derived from the applicant, provided use started with the direct or implicit consent of the applicant ("implied licence"), without abuse, in particular where no contractual or implicit obligation prohibits the prior user from using or disclosing the invention.

192. The AIPPI Resolution does not address this issue explicitly, but in the preamble, it notes the AIPPI Resolution on the Grace Period of 2013, so that the prior user right is clearly addressed within the context of the grace period. Should the Resolution have intended to bar prior user rights when the knowledge of the invention had been derived from the applicant, this would have been explicitly stated.<sup>29</sup> But the Resolution states generally "*A prior user right should be recognized when a party has used an embodiment falling within the scope of a patent before the filing date or, if earlier, the applicable priority date of the patent. A prior user right should also be recognized, at a minimum, when serious and effective preparations for the use of an embodiment within the scope of protection of a patent have been made*", and adds "*A prior user right should only arise if the prior user has acted in good faith*". Thus, it would appear implicitly that a prior user right could accrue where knowledge of the invention has been derived from the applicant, e.g. through a pre-filing disclosure made by the applicant or with his consent, provided the prior user has acted in good faith (which, in most legal systems, is presumed).

193. Thus, in a nutshell, the IT3 proposal on prior user rights would not allow prior user rights where qualifying activities are based on knowledge of the invention derived from the applicant to accrue as a matter of principle, using the concept only as a means of penalising the applicant for failing to file his statement in a timely manner. In contrast, both the FICPI and AIPPI packages would allow prior user rights to accrue in such circumstances.

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<sup>29</sup> In all jurisdictions where activities based on derived knowledge from the applicant is prohibited, this is done through a specific clause in addition to the general principle of prior user rights.

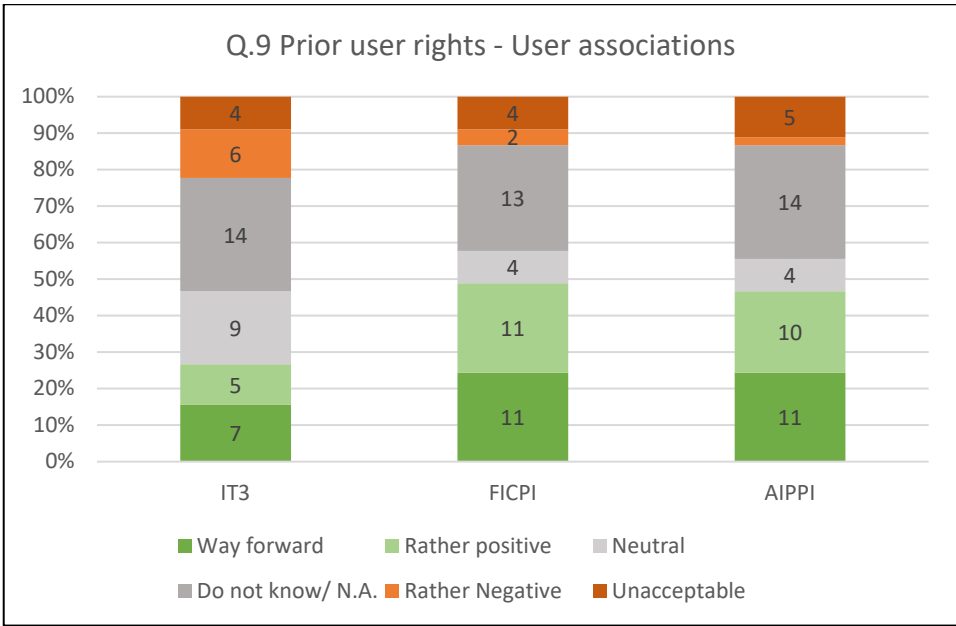


Fig. 27: Q.9 Ratings Prior user rights – User associations (Total: 45)

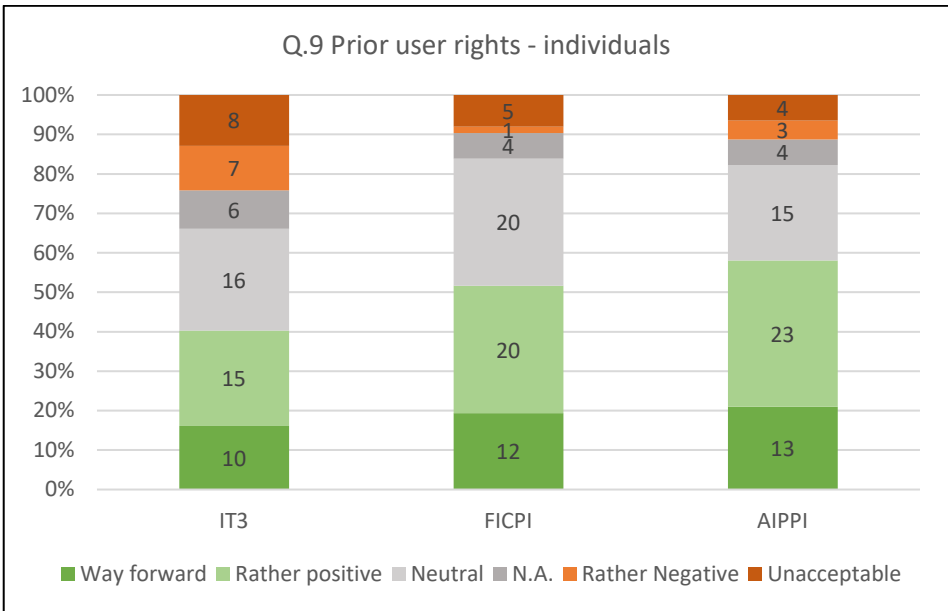


Fig. 28: Q.9 Ratings Prior user rights – Individual respondents (Total: 62)

### 3.7.1. Rating of the IT3 norms on prior user rights

194. Of all the proposed sets of norms on prior user rights, those contained in the IT3 Elements Paper were the least popular, receiving both the lowest level of positive ratings and the highest level of negative ratings, with only 12 or 27% of user associations emitting positive opinions, whilst 10 or 21% viewed them negatively, with a majority of 23 or 51% of user associations either not responding (14 or 31%) or adopting a non-committal, neutral stance (9 or 20%).

195. The IT3 set of norms on prior user rights fared somewhat better with individual respondents with 25 or 40% of them emitting positive opinions, 15 or 24% judging the norms negatively, including 8 or 13% individual respondents who found them “unacceptable”. The rest of the

individual respondents were non-committal, with 16 or 26% remaining neutral and 6 or 10% not responding.

196. In some cases, the norms on prior user rights appear to have been instrumental in respondents rejecting the IT3 package, with 9 respondents mentioning prior user rights as grounds for choosing another package. On the other hand, some user associations, despite supporting the IT3 Elements Paper in principle, took a strong stand against the proposed approach to prior user rights in the case of knowledge derived from a pre-filing disclosure in the IT3 package. One stated their position succinctly: *“The proposal set out in the FICPI and AIPPI papers is preferable and is to be supported. There should be no prior user right restriction when it is based on derived knowledge. This can be an important safeguard against the emergence of a ‘first-to-publish’ system”*. One association stated: *“IT3 prior user rights are overly complex. In general, the motivations of both the FICPI and AIPPI submissions are trying to balance between the patent applicant and the general public, whereas the IT3 submissions are more concerned with the patent applicant and their businesses”*.

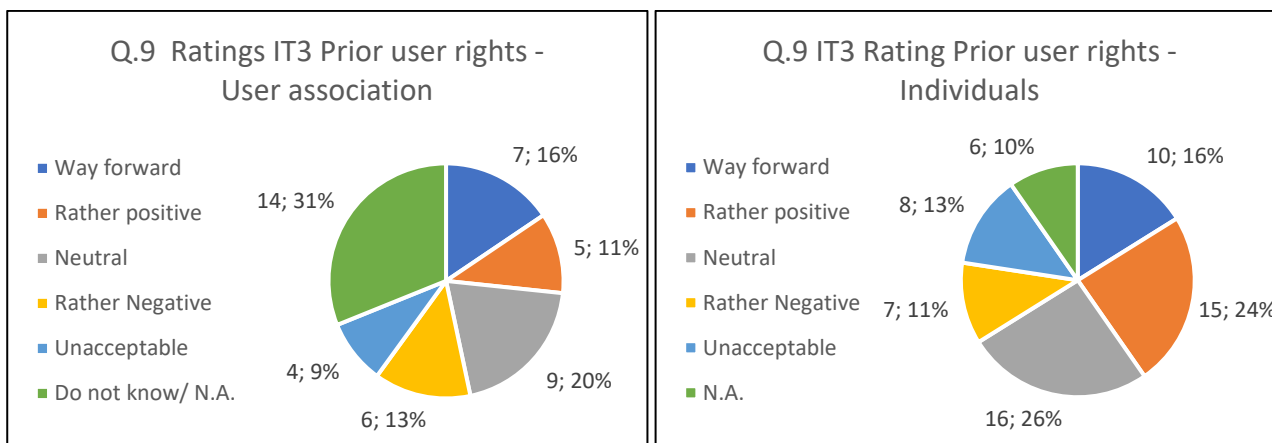


Fig. 29: Q.9 Rating of the IT3 prior user rights norms

### 3.7.2. Rating of the FICPI norms on prior user rights

197. The FICPI norms on prior user rights, aligned on the Australian model, received the highest number of positive ratings from user associations (22 or 48%), with 6 or 14% of negative ratings. A neutral rating was given by 4 or 9% of associations, and 13 or 29% did not know or did not answer. Noteworthy is that one user association which opposed the grace period commented that *“if a grace period were ever introduced [..], then the FICPI proposal appears, of the three options under consideration in this survey, the best starting point for balancing the rights of applicants and third parties”*.

198. As for individual respondents, 32 or 51% emitted a positive opinion, whereas 6 or 10% gave the FICPI norms on prior user rights a negative or unacceptable rating, with 20 or 32% remaining neutral and 4 or 7% not replying to the question.

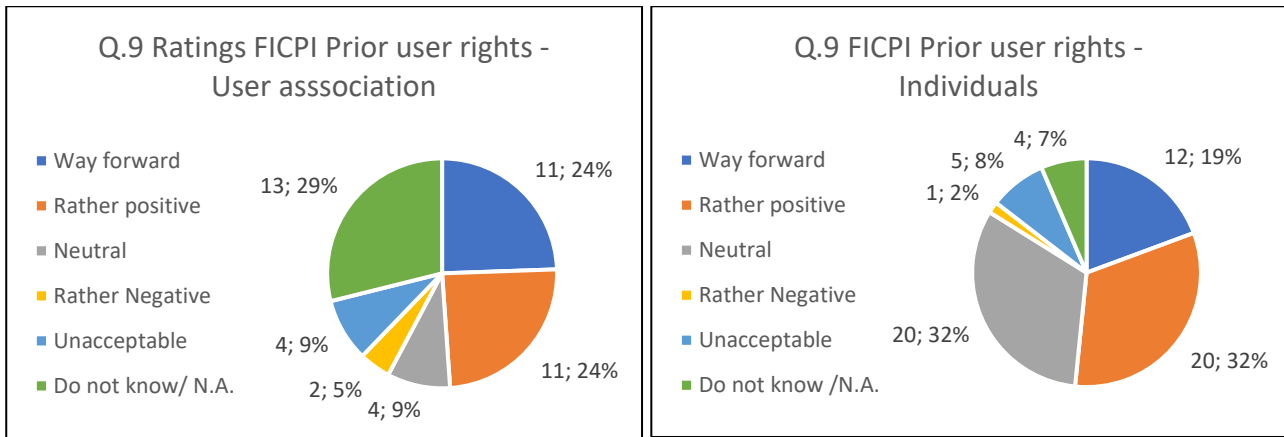


Fig. 30: Q.9 Rating of the FICPI prior user rights norms

### 3.7.3. Rating of the AIPPI norms on prior user rights

199. The AIPPI norms on prior user rights, very succinct, clear and simple, received positive ratings from 21 or 47% of user associations, with 6 or 13% deeming the proposal either “rather negative” or “unacceptable”, 4 or 9% remaining neutral, and 14 or 31% either not knowing or not answering the question.

200. The AIPPI norms on prior user rights received the highest number of positive ratings from individual respondents of all sets of norms (36 or 58%), with 7 or 12% responding negatively, and 15 or 24% taking a neutral view and 4 or 6% not replying to the question. One of the reasons given by a few individuals and one user association for preferring the AIPPI norms in this regard was that they liked the emphasis on the good faith requirement.

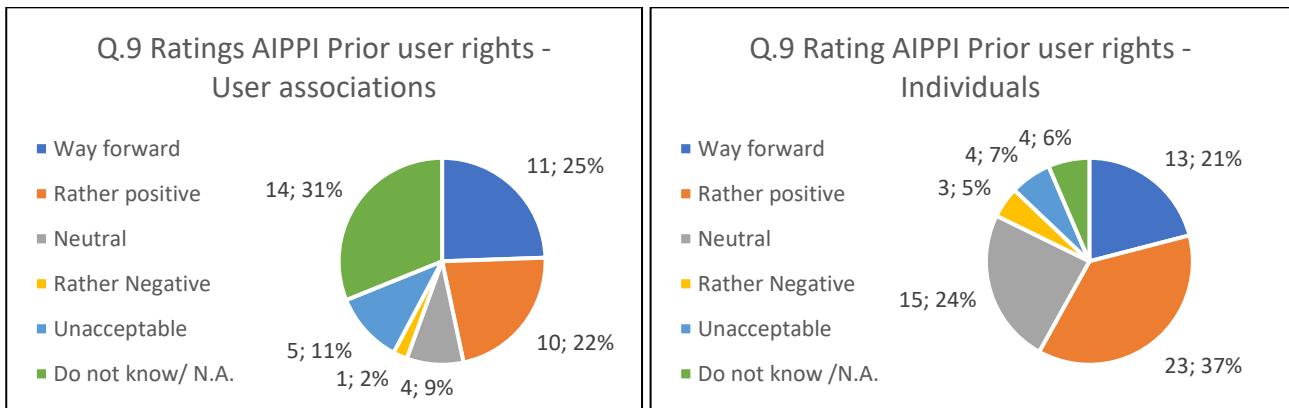


Fig. 31: Q.9 Rating of the AIPPI prior user rights norms

### 3.7.4. Conclusions regarding the norms on prior user rights

201. Approximately a third of all user associations did not or could not answer the question asking them to rate the sets of norms on prior user rights. On the other hand, it is noteworthy that the clarity and simplicity of the FICPI and AIPPI sets of norms both had the rare result of meeting with positive scores from a majority of individual respondents (51% for FICPI and 58% for AIPPI), and with a 48% and 47% approval rate from user associations respectively, much higher than

the 27% approval of the IT3 sets of norms. The FICPI Proposal, which is perhaps more sweeping in its approach than the AIPPI Resolutions, is premised on the fact that a pre-filing disclosure is part of the public domain, until an application has been filed, so that in principle, at that time, such knowledge is free for third parties to use. The AIPPI articulation of the principles is more classical, and closer to the current wording of some prior user rights clauses, and does not exclude prior user rights based on derivation.

202. These results are coherent with the views of the respondents expressed in Q.2, to the effect that if a grace period were to be introduced in Europe, they would want it to be a safety-net grace period.
203. Thus, the approach of the IT3 whereby the grace period would give an additional advantage to the applicant by way of precluding prior user rights being based on knowledge derived from pre-filing disclosures of the applicant or made with their consent, except in a narrowly defined circumstance (late filing of the statement by the applicant) and for different policy purposes, appears to have been clearly rejected by respondents to the survey.
204. However, it must be mentioned that one respondent affiliated with a university objected that all the prior user rights proposals would be very harmful for universities, as they would “take away all our perspectives of a financial return on our investment”.
205. It was emphasised that the grace period and prior user rights were not independent from one another and that it was important that they be considered together. Prior user rights were an essential tool in striking a balance between the interests of applicants/patentees and third parties/prior users, and several respondents insisted on the importance of requiring good faith on the part of the prior user in this regard.
206. Precisions brought by FICPI to the definition of the prior user rights in terms of their conditions of accrual, to the effect that activities must be ongoing immediately before the critical date for PURs to accrue, and that the prior activities must be directed to subject-matter similar to that of the patent, were favourably commented upon. Moreover, several respondents underscored the importance of harmonising the scope of prior user rights internationally, independently of the grace period, to ensure they are broad enough to be used meaningfully, with one respondent clarifying that “*the prior user right should cover all versions of the initially used patent-protected embodiment, insofar as the differences between the variations between the embodiments do not concern features which are patent-relevant*”.
207. Several respondents would have liked to see a proposal expand the territorial scope of prior user rights beyond that of the jurisdiction in which qualifying activities took place, or at least renewed detailed scrutiny of the issue. At least two associations rated the prior user rights norms in all three packages to be unacceptable on the sole basis that the prior user rights proposed were territorially limited, ignoring all other policy issues raised. Given that (a) the prior user right arises as a defence to an infringement suit, (b) recognising qualifying activities from other jurisdictions from around the world would present insuperable evidentiary difficulties; and (c) territorial extension would create a problem of balance vis-à-vis the rights of patent owners, which have to be obtained at great expense in every jurisdiction, the Group B+ delegations have signalled their opposition to such proposals. Nevertheless, this position is mentioned here because it underscores the value for entities operating internationally of harmonised prior user

rights, both in terms of their accrual and their scope, as this would nevertheless eliminate some of the problems currently faced by entities operating cross-boundary production and distribution lines.

### **3.8. General Comments**

208. At the end of the survey, respondents were given an opportunity to make additional comments if they so wished. Whilst the majority of these comments have been integrated into the previous sections, a few general comments concerning the packages as a whole are reported here.

209. One respondent warned against the danger of making self-consistent systems inconsistent through harmonisation.

210. One corporate respondent opined that no single one proposal was satisfactory for all the topics. If harmonization according to these proposals should be explored, it would *“have to be a mix of the proposed packages, taking elements from one topic in a given package and elements of the other topics from the other packages”*. *“First and foremost, simple solutions [should] be sought for each of the topics, with the aim to increase legal certainty.”*

211. Two respondents submitted identical statements to the effect that *“The reading of the proposals is inconsistent and there does not seem to be a clear position by any of them on any of the issues raised. The consultation has not been properly planned.”* It was also considered that the consultation was premature, as the IT3 Elements Paper was not agreed.

## **4. ANALYSIS**

212. Where appropriate, some analytical comments have been provided throughout the report. However, it is necessary to take a bird’s eye view of the results and evaluate the consistency of the responses across questions. At the outset, it must be re-emphasised that the subject-matter of substantive patent law harmonisation itself is extremely complex.

### **4.1. Details v. Complexity and the needs of SPLH**

213. Here, it is important to make a distinction between details and complexity. Of course, the more detailed a proposal is, the more complicated matters seem to become. But as long as such complications are due to necessity and purpose, this is not negative, as pointed out by some respondents, who seemed to view the level of detail of the IT3 paper as a positive characteristic in itself, whilst deploring the complexities of the proposed solutions. However, a certain level of detail is necessary to ensure that the proposals are well understood and that the vagaries of the interpretation of general statements are not contributing to a false sense of consensus.

214. As pointed out by respondents in the early questions of the survey, European users wish to see deep harmonisation be implemented, so as to create a legal environment where outcomes

are consistent and predictable. Thus, one message from European stakeholders with regard to the SPLH process is that agreed norms need to reach a sufficient level of granularity to ensure that principles will be implemented in a uniform manner across jurisdictions, thereby achieving actual, true harmonisation.

#### **4.2. Consistency in positions relating to a safety-net grace period**

215. This consultation may have posed quite a challenge to the delegations as they had to attempt to convey detailed and complex proposals to the users distilled from a large volume of materials. It was equally challenging for the users who were asked to read the materials and make detailed assessments regarding highly specialised issues with which they may not have been entirely familiar.

216. However, first, one of the solid outcomes of the consultation is that the majority of respondents in favour of a grace period approve of it only subject to certain conditions being fulfilled, either that it be defined as a safety-net grace period, be itself internationally harmonised or both (Q.2). The two hallmarks of a safety-net grace period according to the definition given in the CCD are a declaration requirement and robust prior user rights.

217. For the prior user right norms, the outcomes were consistent: the ratings from both user associations and individuals for the FICPI and AIPPI packages, which both provided for prior user rights where the knowledge of the invention was derived from the applicant, received far better ratings in terms of both greater positive ratings and fewer negative ratings than the IT3 Elements Paper, which did not contain this as a principle.

218. As far as the declaration requirement is concerned, the fact that the IT3 was the only proposal which contained a declaration requirement may explain that the individual respondents favoured the IT3 norms on the grace period. On the other hand, user associations did not favour the IT3 norms on the grace period. This may be because some have more experience with the issues, as suggested by some of the comments, which criticised the scope of the obligation of the applicant (which should be required to list all the pre-filing disclosures made by them or with their consent), and the absence of a hard deadline to file the declaration in time for the statement to be published with the application. Both of these elements are of a nature to reduce the legal certainty given by the declaration requirement and thus its effectiveness as a feature of a “safety-net” grace period. All in all, the results can be interpreted to be arguably consistent with the position taken on a safety-net grace period.

#### **4.3. Inconsistencies between ratings and choice of a preferred package**

219. On the other hand, the ratings of the packages (Q3a-c) and of the sets of norms (Q.7-9) and the picking of a preferred package (Q.5) resulted in some inconsistent outcomes.

220. The IT3 Elements Paper as a whole received the worst ratings of the three proposals, with the lowest approval rate and highest rate of negative scores of the three packages, with both user associations and individual respondents.



221. For the three sets of norms, user associations also consistently gave the IT3 package the lowest levels of approval as well as the highest level of negative scores. For individual respondents, the same was true for the norms on conflicting applications and prior user rights, although not for the grace period norms, for which the IT3 received the highest level of approval, but also the highest level of negative ratings of the three sets of grace period norms.
222. Conversely, the FICPI proposal received a considerably higher rating than the IT3 as a package overall with both user associations and individual respondents, and consistently received the highest ratings for the sets of norms from user associations, as well as rating higher than the IT3 with individual respondents for the norms on conflicting applications and prior user rights, although it received the lowest rating for the set of norms on the grace period.
223. Yet, the IT3 Elements Paper was picked in absolute numerical terms as the preferred package by 14 or 31% of user associations, whilst FICPI came in second best with the support of 10 or 22% of user associations, although it was essentially a 4-way split between the IT3 (31%), FICPI (22%), and AIPPI (20%) and the group of user associations who did not/could not answer (27%). Individual respondents were split rather 3 ways, with the IT3 and FICPI packages both preferred by 22 individual entities, or 32% of respondents each, and AIPPI not far behind, preferred by 19 respondents, or 27%, leaving only 6 or 9% undecided.
224. Regarding the ratings, the user associations who responded rated the packages and all three sets of norms on the grace period, conflicting applications and prior user rights consistently in the same order: FICPI norms favoured, followed by AIPPI's and last, those of the IT3.
225. Results were more varied for individual respondents. As far as packages were concerned, the ranking by the individual respondents was the same as for user associations: FICPI, then AIPPI, then IT3. Regarding the norms on the grace period, demonstrating a greater appetite for innovative proposals than the user associations, individual respondents rated the IT3 norms on the grace period the highest, followed by AIPPI and FICPI. For both conflicting applications and prior user rights, however, individual respondents preferred the AIPPI norms, then those of FICPI, and finally, those of the IT3.
226. Thus, the IT3 package which fared the worst in 7 of the 8 ratings exercises was picked as the preferred package, and conversely, the FICPI package which fared the best in the ratings with user associations in all categories, and better than IT3 with individual respondents in 7 of 8 ratings exercises ended up being considered only the second-best of the packages overall for user associations.
227. One explanation for this may be quite simple: the complexity of the proposals.
228. However, there may be another explanation: users who gave a negative rating to the IT3 package, gave the other packages an even lower rating. Thus, there are a number of user associations who indicated that they disliked all the packages, but opted for the IT3 package as "more acceptable", thus tilting the balance in favour of the IT3 over the FICPI and AIPPI packages. In this regard, it is important to point out that, in an effort to tease out a maximum of information from respondents, respondents were not given a "none of the above" option, although in some cases, when this was technically possible, some simply skipped the question. In the

chart below, the ratings given by the respondents in Q.3 to the packages they indicated they preferred in Q.5 are shown. A main takeaway is thus that their responses and choice of the IT3 as a preferred package reflects in some cases less a support of the IT3 package and the proposals it contains than a rejection of the other two packages.

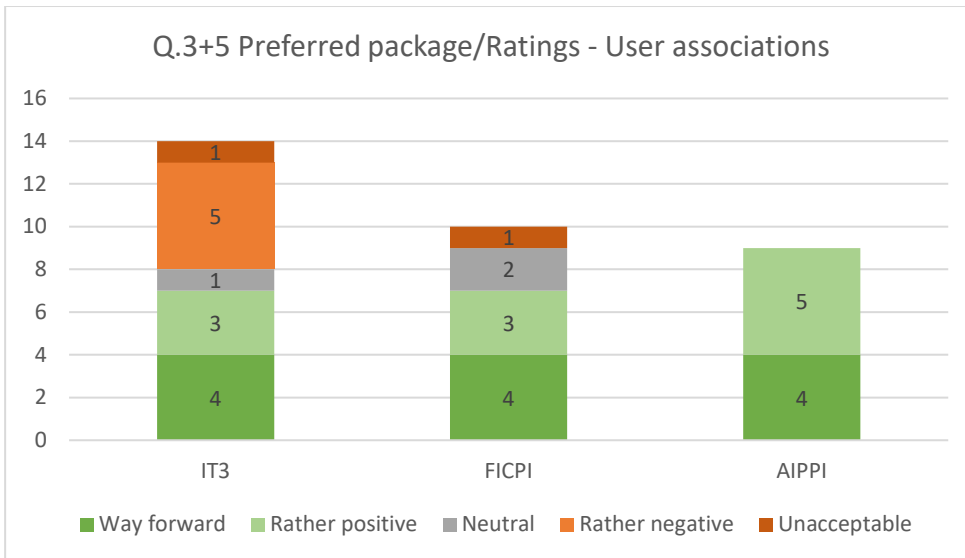


Fig. 32: Total preferences expressed for each package; ratings given by respondents of their preferred package.

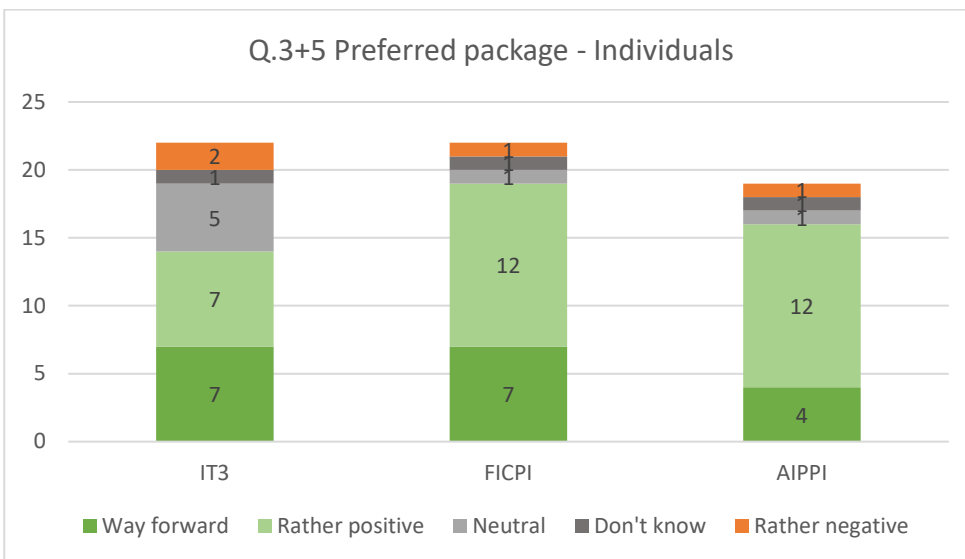


Fig. 33: Total preferences expressed for each package; ratings given by respondents of their preferred package.

229. Moreover, from the wealth of comments it generated, the grace period was obviously considered the most important issue, and it would appear that two elements may have given the IT3 Elements Paper an edge in this regard: it alone contained a mandatory declaration requirement, as well as a proposal for accelerated publication of applications claiming the grace period. The applicant-friendly definition of the mandatory declaration requirement given by the IT3 was not endorsed, as many respondents insisted on the necessity of listing all pre-filing disclosures by the applicant so as not to burden third parties with the task of determining whether a pre-filing disclosure was graced or not. Nevertheless, given these additional elements, the IT3 proposal might nevertheless have seemed to form a better basis for further discussion, thus explaining the phenomenon described above.

## 5. CONCLUSIONS

230. There were a total of 107 responses, with 62 individual respondents from 14 member states taking part in the survey. The expertise of some of the respondents was visible in the comments they submitted, which were particularly rich and interesting, and were thus thoroughly mined for the drawing up of this report. Moreover, 45 user associations from 16 member states representing all regions of Europe participated, giving the consultations the critical mass necessary to provide useful outcomes worth discussing. For this reason and for purposes of simplification, the following conclusions will be based mainly on the outcomes of the user association input.
231. Stakeholders in Europe support continued efforts on international harmonisation, with 80% of user associations and 84% of individual respondents stating that international SPLH is either “very important“ or “important”. Thus, the continuation of the SPLH process would be in line with the wishes and perceived needs of European users.
232. Moreover, stakeholders wish to see harmonisation at a sufficient level of detail to ensure consistent and predictable outcomes across jurisdictions.
233. Of the 45 user associations which responded, 28 or 62% were in favour of a grace period – most of them conditionally, whereas 11 or 25% of them were against the grace period. Another 6 or 13% did not answer and only one association (2%) was in favour of a grace period unconditionally.
234. Of the 28 user associations in favour, the positive response of 23 was conditional on the grace period being designed as a safety-net, corresponding to 51% of the associations overall. Likewise, the positive response of 17 (38% overall) was predicated on the grace period being itself internationally harmonised. Finally, of those 28 associations, 13 or 29% overall supported a grace period only if both conditions were met: an internationally harmonised safety-net.
235. This signifies that if a broad, unrestricted grace period were to be proposed, focusing on the user associations as representing an important cross-section of European stakeholders, one could project that it would likely be opposed not only by the 25% of user associations who are against the grace period, but also probably by the 51% whose support is conditional on safeguards creating a safety-net, for a total of 76% of European user associations. This constitutes important input for future SPLH discussions.
236. The results of the survey, including the ratings of the packages and sets of norms, were consistent in terms of the support of respondents for a safety-net grace period: packages fared well in the ratings when they proposed features associated with a safety-net grace period.
237. The FICPI package received the highest number of positive ratings both as a whole and for the sets of norms amongst user associations, whereas the IT3 Elements Paper received the lowest number of positive ratings as a whole and for the sets of norms from all respondents (with the exception of the sets of norms on the grace period, where they received the highest rating from the individual respondents).

238. However the IT3 was the preferred package on which to base further harmonisation efforts for the highest number of respondents, whereas the FICPI proposal was second and the AIPPI Resolutions received the fewest votes in this regard. Thus, there was some inconsistency between the ratings of the respective packages and the choice of a preferred package, which can be explained by some respondents voting for the “most acceptable”, as evidenced by a cross-check of their ratings, and also by the fact that the package was the only one to propose a declaration requirement and accelerated publication, which found favour with respondents who privileged a grace period defined as a safety-net with features to minimise legal uncertainty.
239. None of the proposed packages received the support of a majority of respondents.
240. None of the packages were considered acceptable “as is” by a majority of respondents as a way forward for SPLH, but all three were considered by some user associations as well as individual respondents as a suitable starting point for further discussions.

## ANNEX 1 List of user association respondents

Member State	Name of user association
CH	INGRES (Swiss Association for Intellectual Property Law) Swissmem (Association for both SMEs and corporations in the Swiss technology industry) VIPS (Verband der Industriepatentanwälte in der Schweiz) Interpharma (Association of Switzerland's research-based pharmaceutical industry) Scienceindustries (Chemistry, Pharmaceuticals and Life Sciences) AROPI (Swiss Romandie intellectual property association)
CZ	Confederation of Industry of the Czech Republic
DE	BRAK - The German Federal Bar BDI (Federation of German Industries) VPP (Vereinigung von Fachleuten des Gewerblichen Rechtsschutzes) PAK (Patentanwaltskammer)
DK	Association of Danish Intellectual Property Attorneys (ADIPA) Danish Group under the International Association for the Protection of Intellectual Property Rights (FIR) Danish Industry's Patent and Trademark Executives (DIP)
ES	CEOE: Confederación Española de Organizaciones Empresariales (Spanish Confederation of Business Organisations) AESEG: Asociación Española de Medicamentos Genéricos (Spanish Association of Generic Medicines) AIE: Asociación de Inventores de España (Association of Spanish Inventors)
FI	Workgroup of the association of Finnish Patent Attorneys Suomen Yrittäjät
FR	ACPI (Groupe français de la FICPI) CNCPI (Compagnie nationale des conseils en propriété industrielle) MEDEF (Mouvement des Entreprises de France)
HR	Tematska inovacijska vijeća (TIV) za industriju Republike Hrvatske
HU	Hungarian Group of AIPPI Hungarian Association of Inventors Hungarian Pharmaceutical Manufacturers Association Hungarian Industrial Property and Copyright Association Hungarian Chamber of Patent Attorneys
IE	Enterprise Ireland (Government Agency) Association of Patent and Trade Mark Attorneys (APTMA Ireland) IBEC Corporate IP Group (Irish lobby and business representative group)
IS	Association of Icelandic Patent Professionals
IT	Confindustria Collegio del Consulenti in proprietà industriale
NL	IP Commission of Dutch Industry VNO-NCW Association of Dutch patent attorneys in private practice

PL	Polish Association of Pharmaceutical Industry Employers – Medicines for Poland (Polski Związek Pracodawców Przemysłu Farmaceutycznego – Krajowi Producenci Leków) Polish Confederation Lewiatan (Konfederacja Lewiatan)
SE	Confederation of Swedish Enterprise FICPI-SWEDEN
UK	FICPI-UK BIA (UK BioIndustry Association) CIPA (The Chartered Institute of Patent Attorneys) IP Federation
All	epi

**Link to the Common Consultation Document: [here](#).**