



Appendix A

FICPI Canada Response to CIPO's Consultation entitled Principles guiding the harmonization of substantive patent law

Preamble and Objectives of the Global Patent System

FICPI has worked diligently, since at least 1981, with the goal of effecting improvements to the patent system that include the introduction of an international grace period. Much of this work has been inspired by the perceived need for a system that offers a fair level of protection to applicants, is balanced as between applicants in different fields of technology and is balanced as between applicants and third parties. The goal of enhanced legal certainty and the benefit of economic growth were two other factors that have guided much of FICPI's work in this area.

1. Non- Prejudicial Disclosures / Grace period

FICPI has for many years supported the need for a grace period covering not just situations wherein there has been a breach of confidence or theft of information but all disclosures, voluntary or otherwise. Such a system is of particular benefit to small and mid-sized companies as these are the very entities that now lose rights owing to lack of IP expertise. In many fields of technology, academic and scientific culture prioritizes early publication. Inventors can and do inadvertently lose the right to patent inventions through misunderstanding of the effect of disclosure or failing to adequately protect against disclosure. It is difficult to avoid pre-filing disclosure. More pragmatically, effectiveness and value of the invention must be determined before the decision to patent or not can be made. This requires scientific, technical and other expertise thereby increasing the risk of premature disclosure.

With collaboration between inventors, universities, research institutes and industry being facilitated by technical and communications developments, the need for a grace period to protect loss of rights due to unintentional disclosure is increasing, not declining. At the same time the proliferation of information available electronically has dramatically increased the risks associated with uncontrolled publication and rapid spread of the information disclosed. A grace period therefore preserves rights that would otherwise be lost and will increasingly be lost as international scientific collaboration grows.

As marketing authorization requirements for pharmaceuticals become more stringent it has become more difficult to ensure informed consent is obtained during medical and biotechnology trials. This enhances the risk of uncontrolled disclosure. A grace period mitigates this effect.

Furthermore, it is an underpinning of the patent system to require finalization of the invention before filing. This can involve carrying out trials, constructing prototypes and cooperating with technical support. The availability of a grace period allows this to be accomplished, at least to a greater extent.

FICPI is of the view that a universal grace period will also address the needs of those whose primary focus is dissemination of knowledge and information. A patent application is generally published 18 months after priority filing. A system that supports protection for early disclosure allows for knowledge of technical developments to be, at least in some cases, disseminated earlier than it would be if pre-filing disclosure limited the availability of patent protection.

The arguments that the introduction of a grace period would create legal uncertainty for third parties are largely unfounded. Interestingly, the legal uncertainty that was historically of concern was that of inventors who might be caught unaware by the presence or absence of a grace period. However, today the concern seems to have moved to third parties.

The prevalent view of industry today is that freedom to operate opinions will become more complex and therefore costly with the introduction of a grace period. However the added complications are said, by searchers, to be fairly limited. It is also submitted that freedom to operate searches remain uncertain with or without a grace period in view of the 18-month confidentiality period for patent applications.

FICPI notes there currently exists an asymmetry of rights involving the monopoly of a patent. Rights are given from the filing date but third parties are given little information until generally after the expiration of 18 months. This asymmetry is altered by the presence of a grace period. The technology becomes known at an early stage when compared to a regular publication of a patent application at 18 months. However, a longer period will elapse between early disclosure and the moment at which the patent application becomes public knowledge. Furthermore the applicant is the one in control of the information.

Another concern involving legal uncertainty is that third parties who have knowledge of the disclosed subject matter may believe it is not protected and can be freely developed. However this situation remains possible in the absence of a grace period when a disclosure occurs after a patent application is filed but before the application is published.

Another argument against grace period is that it works against the inventor's own interests since it could encourage disclosures that increase the risk of an inventor being deprived of his or her rights. However, the work done by FICPI suggests the proper balance is to ensure a system properly protects prior user rights and encourages early filing.

A grace period encourages research and development as scientists and other inventors may collaborate, discuss and develop inventions to a greater extent than if disclosure is an absolute bar to successful patenting.

Finally, the availability of a grace period does not unnecessarily limit the dissemination of knowledge or information. It must be noted that most patents are not published until 18 months after priority filing and as such the presence of a 12 month grace period does not change the current system unfavorably.

Circumstances in Which Applicants Should Have the Opportunity to Patent a Disclosed Invention

FICPI is of the view that all kinds of disclosures made by the applicant should be eligible for a grace period as should disclosures derived directly or indirectly from the inventor and then made available by third parties, including patent authorities. Acts including sales and exhibitions performed by the inventor or applicant before the filing date should also be covered. If the grace period were restricted to situations of breach of information or theft, there is only minor benefit as only the IP un-savvy may benefit. Furthermore, such limited applicability of a grace period will not encourage dissemination of knowledge and information in the same way as a grace period that applies to all disclosures.

This approach is consistent with recent changes to provide for grace periods in Korea and Japan.

Other Characteristics of a Potential Grace Period

A 12 month universal grace period which protects against any disclosure while preserving prior user rights meets the desired requirement for a system that is simple with the same rules applying to all, regardless of the intentions or characteristics of the Applicant.

The period of 6 months was historically considered as a compromise solution conceded to by the detractors of a grace period system. It was also argued that the shorter the period, the greater the legal certainty. However, given the fact that applications are published 18 months after priority filing, the argument is not persuasive.

FICPI support for a 12 month, as opposed to 6 month, grace period stems from the understanding that, in the chemical and human health sciences, research continues after the date of filing and clinical trials may redefine the invention or confirm the general proposed character of the invention, the complete definition of which may perhaps not have been entirely understood as of the date of filing. By way of example a first patent application can define a family of new compounds represented by a general formula allowing quite a number of variations that may not all be described. If new compounds based on the general formula are synthesized in the priority year, the description in foreign applications filed under priority will include the supplementary examples. If one of the additional examples needs protection by a specific sub-claim, but the inventor has published results relating to these special compounds within the year of priority he will not be allowed the specific sub-claim corresponding to his compounds due to disclosure. A 12 month grace period would resolve this difficulty.

Declarations

While FICPI does not support the requirement for a Declaration, the desirability for transparency is recognized. It is however necessary to prevent a trap for the unwary and unsophisticated if declarations were required. An applicant may be uncertain as to whether pre-filing activities constitute disclosure or the applicant might be completely unaware of accidental or inadvertent disclosures. The concern is that any suggestion of pre-filing activity that might give rise to a requirement to disclose but was not disclosed will result in routine invalidation attacks. Uncertainty is thereby shifted to the applicant who must also bear the cost of defending a challenge.

Requiring declarations would detract from the goal of limiting disadvantage to less sophisticated users. Requiring declarations would also lead to increasing frequency of challenge, this bringing uncertainty, cost and unpredictability to the system. It is considered that requiring a declaration from the inventor only serves to complicate the system without bringing enhanced juridical security to the patentee or third parties. Particularly with the advent of increased disclosure through on-line publication, a drawback of requiring a declaration is that it excludes disclosures that occur without the Applicant's knowledge.

The preferred solution is also the simplest to administer. Requiring no declaration removes a potential trap but nonetheless when challenged the patentee will be required to fulfill the conditions for the exception provided by a grace period. FICPI takes the view that a grace period does not generate rights but rather is an exception.

FICPI strongly supports a harmonized period of time for all national and regional grace periods. As noted above, after studying the issue of duration FICPI reached the

consensus that a 12 month grace period was preferred and saw no convincing argument for a 6 month grace period.

On the issue of whether the grace period should be calculated from the priority period or the filing date FICPI now takes the position that there are benefits and concerns associated with either choice. While at first, and for many years, FICPI advocated a grace period running from the priority date on the basis that this brought simplicity and uniformity to the system, more recent work has led to acceptance of the notion that there are benefits to having the priority period run from the filing date as well. What is essential however is that the choice of one or the other is uniformly made such that inventors may expect the same date to apply to all countries.

Rights of Third Parties

FICPI has extensively studied how prior user rights might operate in conjunction with a grace period. It is FICPI's position that all disclosures whether from the applicant or otherwise should give rise to prior user rights.

The primary benefit of broad based prior use rights is to encourage early filing which in turn meets the objective of legal certainty and global application.

2. Publication of Applications

FICPI is currently studying several issues surrounding conflicting applications and self-collision and would be pleased to report on the results of this work shortly.

3. Conflicting Applications

While the consultation states that the grant of multiple patents for the same invention in the same jurisdiction should be prevented, FICPI observes the patent system in the United States which does allow for multiple patents for the same invention in the same jurisdiction, however, imposes the requirement of a Terminal Disclaimer requiring that the patents expire on the same date and requiring that the patents are owned by the same patentee and if sold, or licensed, are sold or licensed together. This seems reasonable.

The consultation also indicates that the patent system should allow for the protection for incremental inventions while ensuring that patent rights are not unjustifiably extended. FICPI is of the opinion that incremental inventions should be treated no differently than any other types of inventions and therefore it must be subject to the usual novelty and obviousness laws to determine whether they are patentable. With respect to balancing the interests of inventors to protect incremental improvements on their own inventions with the interests of third parties to operate in the same field, perhaps the ability to protect incremental improvements should arise only after the

application is published because this then gives all parties the opportunity to make incremental improvements upon published inventions and to seek patent protection for such incremental improvements. Thus, a third party has the same opportunity to make an incremental improvement as in inventor improving on his own invention. This also would serve to promote innovation and competition. Finally, FICPI agrees that new solutions for conflicting applications be further considered.

4. Prior User Rights

FICPI supports prior user rights arising when there has been serious preparations made, in good faith, to use an invention. We agree that the innovation cycle can be long and complex and it is indeed arbitrary to require actual use. It is concerning that there would be different outcomes depending on the field of technology with for example more extensive preparations being required to produce pharmaceuticals as opposed to simple mechanical or other devices.

5. Prior Art

With respect, the consultation is not entirely clear as to what is meant by “the scope of the prior art should be properly defined to ensure that the subject matter for which exclusive rights are granted truly represents a contribution to and not an encroachment on public domain”. If this means that the prior art disclosure relied on to determine whether the applicant is entitled to a patent right must disclose and enable the subject matter sought to be protected, then we agree.

Regarding the concept that prior art should consist of all information that has been made available to the public anywhere in the world before the earliest effective filing date of the claimed invention, we agree.

Conclusion

FICPI Canada wishes to thank CIPO for the opportunity to provide input to this consultation.