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## **PATENTS**

U.S. patent law currently differs from the law of many other countries because of the combination of our grace period and our first-to-invent system. If, as proposed under the pending patent reform bill, we move to a first-inventor-to-file system, differences will remain unless international harmonization of patent law is pursued.

### **The Amazing Grace Period: An Analysis of the Proposed Grace Period Under the New Patent Reform Bill and Its Relationship to an International-Type Grace Period**



BY SAMSON HELFGOTT

## I. INTRODUCTION

The U.S. patent system has included a grace period for many years. The grace has period coexisted with the current first-to-invent system.

Under the pending patent reform legislation (S. 515), the United States would change to a first-inventor-to-file system. While we would retain a grace period, the grace period under such a system will be quite different from its current version under the first-to-invent system. The proposed new grace period can be described as a first-to-publish system.

For many years, proponents have hoped that changing to a first-inventor-to-file system would encourage patent harmonization activities. Specifically, it was believed that such a change would be the quid pro quo for other countries around the world to accept a grace period. However, the grace period that the rest of the world has been contemplating is an international grace period, which differs considerably from the first-to-publish system proposed in the patent reform bill.

This study will analyze the patent reform legislation's proposed new grace period and point out how it will differ not only from the current grace period, but from the type of international grace period that may be accepted under any harmonized patent system.

## II. CURRENT GRACE PERIOD UNDER OUR FIRST-TO-INVENT SYSTEM

Currently, the United States is one of very few countries that has a grace period in its patent system. However, the United States is the only country in the world that has a grace period combined with a first-to-invent system.

Under current U.S. patent law, this combination provides a two-pronged protection. Of course, since our grace period is limited to one year, such protection can only "grace" activities that took place one year before a U.S. filing date.

One prong of the protection is that during this one-year grace period, any disclosure made by or on behalf of the inventor, or one of the joint inventors, is "graced," so that it does not serve as a prior art against the subsequent filing of a patent application by such inventor. To this extent, it serves as a shield against any of the inventor's own activities.

However, by combining the grace period with our first-to-invent system, there is also provided a second prong of protection. Namely, there is a shield against any disclosure of a third-party within the one-year grace period. However, in order to overcome such third-party disclosure during the one-year grace period before an actual U.S. filing date, it is necessary to show that invention took place before such third-party disclosure.

Accordingly, the benefit of protecting an applicant against third-party disclosures is actually a combination of the grace period of one year, plus the fact that the United States is a first-to-invent country, and therefore, the applicant can rely upon his invention prior to such

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third-party disclosure to overcome such third-party disclosure during the one-year grace period.

## III. GRACE PERIOD UNDER PROPOSED PATENT REFORM BILL

Under the proposed patent reform bill, the United States would change from a first-to-invent system to a first-inventor-to-file system. However, we will still be retaining a one-year grace period. The grace period, however, will be quite different in various respects from the current grace period.

### A. Shielding Applicant's Own Disclosure

With respect to an inventor's own disclosure, there will be substantially no difference under the new grace period of the first-inventor-to-file system as compared with the current grace period which exists under our first-to-invent system. Thus, any disclosure made by an inventor, joint inventor, or anybody who derived the invention from the inventor, which was made during the one year grace period before the filing date, will not be considered prior art (proposed Section 102(b)(1)(A) in the patent reform bill).

Accordingly, if an inventor makes any disclosure in any form, whether it be a printed publication, use, sale, or making it in anyway available to the public, he still has a one-year grace period in which he can file his U.S. patent application.

### B. Shielding Against Third-Party Disclosures

It is in the area of protecting against third-party disclosures where a significant change would take place under the patent reform bill.

Currently, under the first-to-invent regime, an inventor is able to overcome a third-party disclosure within the one-year grace period by relying on his invention prior to such third-party disclosure. As we would no longer be a first-to-invent country, but rather a first-inventor-to-file country, the inventor would no longer be able to overcome such third-party disclosure by showing that he invented first.

As a result, inventors would be wise to get their applications filed as quickly as possible in order to avoid having any third-party disclosures which may serve as prior art against the invention.

However, in this regard, the patent reform legislation would provide a new system, namely the ability of having an inventor use his own publication as a "sword" against third parties. The patent reform bill would provide what is effectively a "first-to-publish system."

Specifically, to the extent an inventor publishes or otherwise makes a public disclosure of his invention, he would effectively "guarantee" in the United States his right to file an application on the invention disclosed so long as it will be within one year of this disclosure. By publishing first, he would effectively wipe out any subsequent disclosures of others that may come up within the one-year grace period, even by another who was the first-to-invent. Once any inventor first discloses, he would guarantee his own right to file on his invention within such one year date of his disclosure (proposed Section 102(b)(1)(B) in the patent reform bill).

Furthermore, not only would his prior disclosure guarantee him the right to file on his invention, his disclosure would effectively bar any individuals who subsequently disclose from filing on the invention, since their disclosure would be subsequent to the first disclo-

sure of his invention. Thus, we would have converted our patent system into a first-to-publish system so that, should an inventor not be willing to immediately file a patent application, either for cost purposes, or for any other reason, he would be able to disclose his invention (so long as he is the first to disclose), and thereby guarantee himself a one-year grace period in which he would preserve his rights even against subsequent disclosures by third parties, within that one-year grace period.

Of course, it is understood that, as with any one-year grace period, there is no protection against any disclosures that occurred before the one-year grace period. Those disclosures will still be applicable as prior art.

It is also understood that, while the United States may adopt such a one-year grace period, where the first disclosure guarantees the inventor the right to file, it would apply only to U.S. patent filings. The inventor would lose all foreign rights in any country that does not have a grace period of its own.

This is similar to what currently exists. Any inventor who relies on the grace period may still file in the United States but loses all foreign rights. This is one of the main reasons why most inventors are urged to file first, and this incentive will continue under the new proposed grace period as well.

As with any disclosure of a new invention, there is, of course, the risk that a third party may learn about the invention and while such third parties may not be able to file on the same invention, it might induce them to "super invent" and come up with a nonobvious improvement over the original invention and thereby obtain superior rights on such an improvement, which may be of even more significance to the world than the original invention.

However, an inventor would still be able to obtain rights to the invention that he disclosed in his original disclosure. This, of course, is no different than under the current situation, where any disclosure by an inventor bears such same risk of third parties "super inventing" after learning of the original invention.

Because of such shift to a first-to-publish system, cottage industries may come up with publications that are of limited circulation. As the publication that is required to guarantee an inventor's rights need not be worldwide and need not be disclosed to those skilled in the art, it may very well be that "publications" may come up offering to publish inventor's ideas thereby guaranteeing them a one year grace period, although such publication will hardly be read by those skilled in the art.

Likewise, other cottage industries may come up to create similar strategies for inventors under the proposed first-to-publish system. Additionally, publishing on the internet may be sufficient, so long as a date is maintained on the publication.

The above discussion can be described visually in the cases identified below. Fig. 1 shows that we are no longer a first-to-invent system. Inventor 1 has invented his invention and keeps it secret. Thereafter, he files in the United States. Whether it is within one year or beyond makes little difference.

If a second inventor publishes prior to the U.S. filing of the first inventor, that publication will serve as a prior art reference and will be used against the first inventor. Inventor 1 will not be able to rely upon his prior inventorship and swear back to overcome the refer-

Inventors	Actions	US Rights
1	Invents → US Filing	X
2	Publishes	

Fig 1

ence, even if the reference is within a one year grace period of his filing date.

In Fig. 2, the situation is similar to Fig. 1, but this time the second inventor files in the United States within his one-year grace period after he published. Even though he was not the first-to-invent, he will get the patent rights. His publication is "graced" so long as he files his U.S. application within a year of his publication, and even though he is not the first-to-invent, he will get his invention.

Inventors	Actions	US Rights
1	Invents → US Filing	X
2	Publishes → US Filing (within 1 yr Grace Period)	✓

Fig. 2

In Fig. 3, on the other hand, the first inventor makes use of the first-to-publish system. Rather than keeping his invention secret, he discloses or publishes it in one form or another. So long as he files within one year of his publication or disclosure, he gets the benefit of the grace period, and his publication serves as a sword to effectively stop others who have subsequently published, and preventing them from their own filing. It should be noted that inventor 2 has actually filed first before inventor 1. However, inventor 1's first publication or disclosure serves as a prior art bar against the second inventor who published afterwards.

Inventors	Actions	Patent Rights
1	Publishes → US Filing (within 1 yr Grace Period)	✓
2	Publishes → US Filing (Less than 1 yr Grace Period)	X

Fig 3

Accordingly, Figs. 1-3 display the use of the first-to-publish system which would be adopted under the patent reform legislation, combining a one-year grace period with a first-inventor-to-file system.

### C. Grace Period Under the Patent Reform Bill and the Paris Convention

Under current U.S. patent law, the one-year grace period applies to one year before the filing date in the United States. As a result, if there is any public disclosure anywhere in the world, an inventor only gets the one-year grace period before his U.S. filing date. An applicant does not get the benefit of a grace period plus a Paris Convention year.

Most countries currently do not have a grace period. Thus, if an inventor in England publishes his invention, he would no longer be able to file in England or in the European Patent Office because they have no grace period. However, he would still have one year from his publication in which he could file in the United States.

Currently, some countries, such as Canada, do have a grace period. Therefore, under present law, if an inventor publishes his application in Canada, he can still have time under the Canadian grace period law to file his application in Canada. However, once he files his application in Canada, he would no longer get an additional Paris Convention year in which to file in the United States.

Under current U.S. law, the publication, in order to be "graced" in the United States, must be within one year prior to the U.S. filing date. The applicant would therefore have to file his application in the United States within one year of his Canadian publication.

Under the patent reform bill, however, the grace period would apply to one year before the effective filing date. The "effective filing date" under the bill includes a Paris Convention priority right.

Accordingly, under a similar circumstance where a Canadian inventor publishes his invention, and then files his Canadian application within one year of his publication, he establishes a Canadian priority date. If he then files his U.S. application one year thereafter, claiming the benefit of the Canadian priority application, his effective filing date in the United States would be his Canadian priority date.

Therefore, he would get a one-year grace period before such effective filing date, which is his Canadian application date, plus a Paris Convention year for filing his U.S. application. In effect, the U.S. applicant would get a two-year period between his original Canadian publication and his U.S. filing date.

This is shown below in Fig. 4. The inventor publishes his invention, and within one year he files a priority filing anywhere that has a one-year grace period. This could be a Canadian filing, a U.S. filing, or a filing in any country that recognizes a one year grace period.

Once he establishes such priority filing, he would then have an additional year under the Paris Convention to obtain Paris Convention filings elsewhere, in those countries that recognize a one-year grace period and have an effective filing date as the priority date.

Inventors	Actions	Patent Rights	
		US	Foreign
1		✓	✓

Fig. 4

In Fig. 5, the priority filing occurred more than one year after the original publication or disclosure. As such, the inventor no longer gets the benefit of the U.S. grace period.

As a result, depending upon the length of the grace period in that country in which he files, he may or may not get a filing date in his country of priority filing. If that country has a one-year grace period, he would not even get the benefit of that initial priority filing. However, if that country does grant a grace period longer

than one year, he might get the benefit of the priority filing. However, thereafter, he would not get the benefit of any Paris Convention filing relying on the priority date in any other country that has a one-year grace period, such as the United States.

Inventors	Actions	Patent Rights	
		US	Foreign
1		X	X

Fig 5

Of course, for any countries that do not accept any grace period, then the original application would not be a valid application whether it is filed directly in that country, or claims the benefit of a priority date from another country that does give a one-year grace period.

#### IV. INTERNATIONAL GRACE PERIOD

Although for the time being, there are only limited patent harmonization discussions, there is hope that once the patent reform legislation passes and the United States becomes a first-inventor-to-file country, there may be some stimulus to reignite harmonization discussions.

As part of the quid pro quo for United States accepting a first-inventor-to-file system, it was anticipated that patent harmonization discussions would move forward with foreign countries accepting a grace period. However, the grace period that was discussed and contemplated within such a harmonization treaty would be what has been referred to as an "international grace period." Such an international grace period would essentially be a "safety net" to protect inventors from inadvertent disclosures that they made or were made on their behalf, but not removing disclosures from third parties.

Accordingly, any inadvertent disclosure that an inventor may have made, would not be considered prior art against his own filing of an application, so long as he would file within one year of such inadvertent disclosure.

However, the inadvertent publication of the inventor, would in no way protect him or guarantee him the ability to subsequently file on his invention within such one year grace period. Accordingly, any third-party disclosures that were made, subsequent to the inventor's own publication, would serve as a bar to the inventor as it would be considered prior art to that invention.

Additionally, even if the second inventor were to proceed with a filing of his invention, whether it was before or after the filing date of the first inventor, he would also not gain any patent rights, since the earlier publication by the first inventor would bar his filing.

The international grace period can be summarized below, in Fig. 6, where it shows the one-year grace period for an inventor. If he inadvertently publishes his invention, he then has a one-year grace period in which to file his application and his own inadvertent publication will be "graced."

In Fig. 7, while inventor 1 may file his application within the one-year grace period of his own publication, if independently a third party publishes the same invention without derivation, then that publication would bar

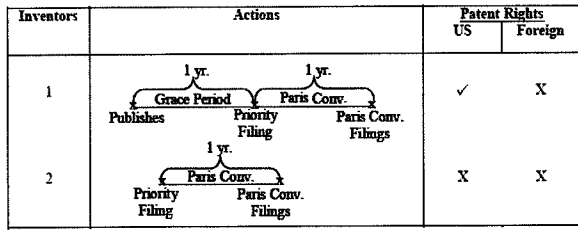


Fig. 10

mately, inventor 2's priority filing would be published within 18 months, and thereafter, that publication would result in an effective Section 102(e) type of rejection as an earlier-filed, subsequently published document which would serve as prior art in foreign countries. In the United States, such a Section 102(e) effect would not be present under this situation because of the previous publication of inventor 1, which as a first-to-publish country, guarantees him the right to subsequently file. Under the proposed legislation, his first publication would prevent the Section 102(e) effect of the patent publication from inventor 2 (proposed 102(b)(2)(B)).

Accordingly, in Fig. 10, patent rights would be granted in the United States to inventor 1 while they would not be granted to him in foreign countries.

It is interesting to note that even in countries that currently have a first-to-file system, there is nothing specific in their patent law that requires to grant a patent to one who files first and to reject an application to one who files secondly. The only way a first-to-file system is implemented is that the first to file will wind up 18 months later as having his application published first. Being the application that is published first, that application will then be prior art against any filers who were second to file. Of course, the extent of the use of this prior-filed application when it publishes will depend upon the national law. In some countries it can be used only for novelty defeating purposes against the identical invention and, in other countries, it can be used for obviousness purposes.

Accordingly, an interesting anomaly would occur if inventor 2 withdrew his application before publication. In that case, even though he was the first to file, as there would be no 18-month publication to be used under a 102(e) equivalent, even in foreign countries inventor 1 would wind up getting his patent, although he filed second.

In Fig. 11, likewise there would be a distinction with patent rights granted to inventor 1 in the United States, when such patent rights would not exist elsewhere.

In Fig. 11, inventor 1 publishes first and then files his priority application within the grace period year and thereafter within the Paris Convention year foreign files based upon his first priority. Inventor 2 publishes after inventor 1 and thereafter also files within his grace period his own priority filing and thereafter within one year files a foreign application under the Paris Convention.

In the United States, inventor 1's first publication guarantees his ability to obtain U.S. rights, so long as he

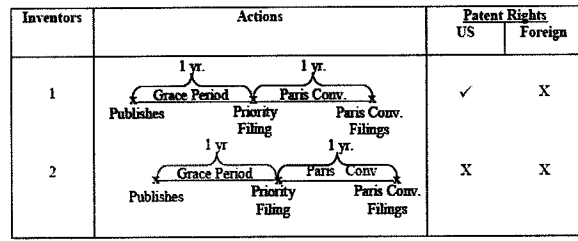


Fig 11

files within the grace period. Foreign countries would not recognize that right of first publication and instead would see that inventor 2 published his invention before inventor 1's priority filing date and would not grant rights to the first inventor. Likewise the second inventor, both in the United States and in foreign countries would be barred from obtaining any rights because of the publication of the first inventor.

Fig. 12 is similar to Fig. 11 but points out that even if inventor 2, who published second, was the first to file, the situation would be no different. In the United States the publication of inventor 1 guarantees him the right to a patent right so long as he files within his one-year grace period. Foreign countries would not recognize that guarantee.

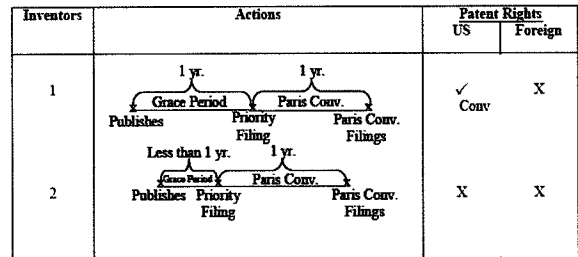


Fig. 12

With respect to inventor 2, he would be barred both in the United States and in foreign countries because of the previous publication from inventor 1.

**VI. CONCLUSION**

Currently, the patent laws in the United States differ from many other countries around the world because of the combination of our grace period and our first-to-invent system. However, even as we may move to a first-inventor-to-file system, the grace period that is proposed would still make our patent system different from the rest of the world, even if other countries were to accept an international-type grace period.

However, while such differences would still make for lack of patent law uniformity around the world, there are many other areas where patent systems differ, and thus, the grace period will simply be one additional distinction that will exist between countries. Nonetheless, an international grace period is a best practice for inventors in general, and accordingly should be actively pursued on an international scale.