

## **SUMMARY REPORT**

### **Special Committee 228 - Patents**

#### **Study of Prior User Rights**

#### **I. Background**

AIPPI examined the question of Grace Period for Patents at the Helsinki ExCo in September, 2013. The ExCo adopted a resolution in favour of the grace period as follows:

- 1) Internationally, a grace period should be established in order to exclude from the prior art against the inventor or his successor in title, any disclosure to the public by means of a written or oral description, by use, or in any other way, made:
  - a) by the inventor or his successor in title, irrespective of whether such disclosure is intentional or not;
  - b) by a third party who derived the content of the disclosure from the inventor or his successor in title, irrespective of whether such disclosure results from an abuse in relation to or was made against the will of the inventor or his successor in title.
- 2) The grace period shall not exclude from the prior art:
  - a) disclosures from a third party which are not derived from the inventor or his successor in title, even if said disclosures occur after a non-prejudicial disclosure;
  - b) disclosures resulting from the proper publication by an Intellectual Property Office of an application for or the grant of an intellectual property right filed by the applicant or his successor in title.
- 3) The duration of the grace period shall be twelve months preceding the filing date of the patent application or if priority is claimed, the earliest relevant priority date.
- 4) The applicant or his successor in title shall benefit from the grace period without being required to deposit a declaration of such disclosure.
- 5) The grace period shall have no effect on the date of publication of the patent application.

- 6) When a disclosure is cited the burden shall be on the party claiming benefit of the grace period to prove that the disclosure shall be excluded from the prior art.

The Helsinki resolution on the grace period specifically noted the need for an extension of the work to the related issue of prior user rights:

“In order to focus the question on the “grace period for patents” itself, this study did not consider the related issue of prior user rights. AIPPI could valuably extend the work on the related issue of prior user rights, under the recommended internationally harmonized grace period.”

In view of the importance of the prior user rights issue, AIPPI, through the Patents Committee Q228, has undertaken a study process to research this issue and to lay the proper foundation for debate and possible passage of a resolution in Toronto in 2014. Accordingly, a questionnaire on prior user rights was distributed to all national and regional groups in February of 2014, requesting responses by the end of April. This Summary Report is a summary of the responses to the February, 2014 questionnaire.

## **II. Introduction**

This Study examines national and international laws relating to prior user rights. A prior user right is the right of a third party to continue the use of an invention where that use began before a patent application was filed for the same invention. The Study examines the scope, relevance and conditions of existing prior user rights laws in various jurisdictions. The Study also considers possible improvements to existing laws, and national opinions on proposals for international harmonization in this area.

Reports were received from the following 32 National Groups (in alphabetical order): Argentina, Australia, Austria, Belarus, Belgium, Brazil, Canada, China, Denmark, Egypt, France, Greece, Hungary, India, Indonesia, Italy, Japan, Mexico, the Netherlands, Peru, Philippines, Poland, Portugal, Romania, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Turkey, the United Kingdom (UK) and the United States of America (USA).

The Reports provide a comprehensive review of national and regional laws and policies on prior user rights. This Summary Report cannot attempt to reproduce the detailed responses given by each National Group. If any question arises as to

the exact position in a particular jurisdiction, reference should be made to the original Group Reports.

### **III. Analysis of current law and case law**

- 1. Is there a provision in your national patent law that makes an exception to the exclusive right of a patent holder for parties who have used the invention before the filing/priority date of the patent (“prior user rights”)?**

All but three Groups reported that their national laws recognize an exception to the exclusive right of a patent holder relating to prior user rights in some fashion.

The Argentinian law has no provision comparable to prior user rights.

The Indian Group reports that their law provides no similar exception to prior user rights compared to other reports. Public use or knowledge before the priority date of the application invalidates the patent application because of a lack of novelty. Thus the entire public has the right to use the invention.

The Group from South Africa reported as follows:

*There is no specific provision in the South African Patents Act No. 57 of 1978 (“the Patents Act”) that creates an exclusion from liability for patent infringement on account of prior use. However, our courts have recognised the principle of the so-called “Gillette” defense. The Gillette defense is available to a defendant who is able to establish that, at the priority date of the patent, the act of alleged infringement was not novel, or was obvious (within the statutory definition of novelty and obviousness). This in substance amounts to an attack on the validity of the patent.*

- 2. How frequently are prior user rights used in your country? Is there empirical data on how often prior user rights are asserted as a defense in negotiations or court proceedings?**

The Groups from Egypt, Philippines and Portugal report no known case.

The following 15 Groups report seldom to very seldom use: Australia, Belarus, Belgium, Canada, China, Denmark (one reported case from the midst of 1960's), Hungary (five court decisions within the last five decades), Italy, Mexico, Peru, Romania, Switzerland, South Africa, Turkey and the USA (official study).

The following five Groups report occasional use: Brazil, the Netherlands, Spain, Sweden and the UK (twelve reported cases between 1991-2012).

The French Group reports quite frequent use (128 court judgments since 1856)

and the Group from Japan reports a smooth use (90 court judgements between 1961 and 2006 (official study).

Five Groups (Austria, Greece, Indonesia, Poland and Sri Lanka) respond that no data is available.

The Groups from Mexico and Turkey mention that the prior user rights are mainly used for negotiations out of court. The Group from Brazil mentions a common sense of respect for prior user rights.

**3. To what degree must someone claiming a prior user right have developed the embodiment which is asserted as having been used prior to the filing/priority date of the patent? Is it sufficient to have conceived of the embodiment, or must it have been reduced to practice or commercialized?**

The following three Groups report that there has to be a “*reduction to practice or commercialization*”: Brazil, Egypt and Philippines.

The Italian and Indonesian law provides that a reduction to practice is sufficient.

The following eleven Groups report that in their law it is sufficient that – to different degrees – serious actions toward exploitation have been made: Australia, Austria, Belarus, Belgium, France, Japan, Mexico, Portugal, Romania, Sri Lanka, Turkey and the UK .

The following ten Groups report that the invention must have been exploited or all necessary actions for an exploitation must have been made: China, Denmark (only commercial setting-up), Greece, Hungary, the Netherlands (for business reasons), Peru, Poland, Spain, Sweden (only commercial setting-up) and Switzerland (only commercial setting-up).

The Canadian Group reports that establishing prior user rights requires evidence that the invention must have been “purchased, constructed or acquired”.

The USA Group reports that a commercial prior use is required. However, use for special commercial marketing reasons or use by some non-profit organizations may be sufficient.

**4. Does it make a difference in your country if**

- the prior use occurred before the priority date; or**
- it occurred after the priority date, but before the filing date?**

The following 24 Groups provide that the prior use has to occur before the priority date: Australia, Austria, Belarus, Belgium, Canada, China, Denmark<sup>1</sup>, France, Greece, Hungary, Italy, Japan, Mexico, the Netherlands, Peru, Poland, Portugal, South Africa, Spain, Sri Lanka, Sweden, Switzerland, UK and USA.

The four Groups from Brazil, Indonesia, Philippines and Romania provide that it makes no difference if the prior use occurs prior to the filing date or the priority date.

The Groups from Turkey and Egypt report that the prior use has to take place between the priority date and the filing date.

**5. Is there a territorial limitation with regard to the scope of prior user rights in your country? In other words, if a party has used the patented invention before the filing/priority date in a foreign country, can it then claim a prior user right in your country?**

The following 27 countries report that there is a territorial limitation, in that the prior use must have occurred in their national jurisdiction: Australia, Austria, Belarus, Belgium, Brazil, China, Denmark, Egypt, France, Greece, Hungary, Indonesia, Italy, Japan, the Netherlands<sup>2</sup>, Peru<sup>3</sup>, Philippines, Poland, Portugal, Romania, Spain, Sri Lanka, Sweden, Switzerland<sup>4</sup>, Turkey, UK<sup>5</sup> and USA.

In addition to national use, Belgium, Denmark and France mention that a use within the EU could be sufficient.

The Canadian,<sup>6</sup> Indonesian and Mexican laws contains no specific territorial limitation.

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<sup>1</sup> The Group from Denmark adds the following:

*In the period between the priority date and the time when the patent application was made available to the public - which is normally 18 months from the priority date - the use can be the basis for a compulsory license.*

<sup>2</sup> Including Curaçao or Sint Maarten.

<sup>3</sup> The Group from Peru explains as follows:

*Not directly, but the sanctioned infringements are those that are carried out or can be carried out within the national territory (Article 97 of the Legislative Decree No. 1075) for which reason it can be considered that there would be a territorial limitation.*

<sup>4</sup> Including Liechtenstein.

<sup>5</sup> Including the Isle of Man and the territorial waters of the United Kingdom.

<sup>6</sup> The Canadian Group explains as follows:

*There is no territorial limitation on Section 56 in the Canadian Patent Act. (...)The view of the Group is that from the facts of existing case law, a Canadian nexus has been present. A prior acquisition that has no Canadian nexus before the priority or filing date likely would not benefit from prior user rights.*

**6. Is there a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor?**

The following seven jurisdictions do have a provision that excludes prior user rights for those who have derived their knowledge from the patent holder and/or the inventor: Australia, Belarus, Brazil,<sup>7</sup> Denmark,<sup>8</sup> Japan, the Netherlands, and the USA.

The following 22 jurisdictions do not have such a specific provision: Austria, Belgium, Canada, China, Egypt, France, Greece, Hungary, Indonesia, Italy, Mexico, Peru, Philippines, Poland, Portugal, Romania, Spain, Sri Lanka, Sweden, Switzerland, Turkey and UK.

In addition, the following nine Groups explicitly refer in this context to the requirement of being in good faith: Belgium, Egypt, France, Hungary, Philippines, Poland, Sri Lanka, Turkey and UK.

**7. Is it necessary that the prior user has acted in good faith to be granted a prior user right?**

A strong majority (23) of the reporting Groups indicate that the prior user has to act in good faith to be entitled to a prior user right. These are the Groups from: Austria, Belarus, Belgium, Brazil, Denmark,<sup>9</sup> Egypt, France, Greece,<sup>10</sup> Hungary, Indonesia, Italy,<sup>11</sup> the Netherlands,<sup>12</sup> Peru, Philippines, Poland, Portugal, Romania, Spain, Sri Lanka, Switzerland, Turkey, UK and USA.

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<sup>7</sup> The Group explains that prior user rights are excluded in the case that the user had contact with the object of the patent within the one year grace period prior to the filing date.

<sup>8</sup> The Group from Denmark explains as follows:

*(...) section 4 provides that the exploitation must not constitute an “evident abuse” in relation to the applicant and section 48 that the prior user “had no knowledge of the application or could not reasonably be expected to have such knowledge”. The term “derivation” is special to AIA and is linked to the maintenance of a one year grace period.*

<sup>9</sup> The Danish Group explains that being in good faith is not a legal requirement but their law provides that the exploitation must not constitute an “evident abuse” in relation to the applicant and that the prior user “had no knowledge of the application or could not reasonably be expected to have such knowledge”.

<sup>10</sup> Only because of general legal principles.

<sup>11</sup> Only because of general legal principles.

<sup>12</sup> The Group from the Netherlands explains as follows:

*Article 55(1) NPA 1995 does not impose any good faith requirement to establish a prior user right. It is sufficient that the knowledge is not obtained from matter already made or applied by the applicant or from the applicant's descriptions, drawings or models. However, the Hague District Court has ruled that the prior user who acted in bad faith is not entitled to any prior user rights (Hague District Court 2 May 2007, BIE 2007, p. 700: in this case, the prior user was an ex-employee).*

The following six Groups report that good faith is not a condition for granting a prior user right: Australia,<sup>13</sup> Canada, China,<sup>14</sup> Japan, Mexico,<sup>15</sup> and Sweden<sup>16</sup>.

**8. Is there a material limitation with regard to prior user rights in your country? More specifically, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, can he then claim a prior user right to anything covered by the patent? In particular, is the owner of a prior user right entitled to alter/change the embodiment of the patented invention used before the filing/priority date of the patent to other embodiments that would also fall within the patent's scope of protection or is he strictly limited to the concrete use enacted or prepared before the patent's application or priority date? In the event that changes/alterations are permitted by your national law, to what degree?**

Most Groups (19) report a material limitation with regard to prior user rights. The prior user is restricted to the initial conditions of the prior use in Belarus, Brazil, Canada, China, Denmark, Egypt, France, Greece, Italy, the Netherlands.<sup>17</sup> Peru, Portugal, Romania, Spain, Sweden,<sup>18</sup> Switzerland,<sup>19</sup> Turkey,<sup>20</sup> UK,<sup>21</sup> and USA.<sup>22</sup>

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<sup>13</sup> The Australian Group explains that the prior user right does not impose any good faith requirement except the following:

*Section 119(3) provides that the defense does not apply to a product, method or process the person derived from the patentee or the patentee's predecessor in title in the patented invention, unless the person derived the product, method or process from information that was made publicly available:*

- by or with the consent of the patentee or the patentee's predecessor in title; and
- through any publication or use of the invention in prescribed circumstances.

<sup>14</sup> The Group from China explains as follows:

*According to Art. 15 of the Supreme Court's Interpretation on Some Issues Concerning the Application of Laws to the Trial of Patent Infringement Disputes, an accused infringer raised a prior use right defense with technology or design acquired illegally, the People's Court shall not allow. In this connection, the prior user rights may be claimed as long as the knowledge of the invention was obtained legitimately and not violate any contractual obligations.*

<sup>15</sup> The Group from Mexico explains as follows:

*It is not explicitly specified in the Mexican Law. However, since the patent infringement is an administrative proceeding, the good faith should not be considered by the patent office to determine the existence of the infringement. The good or bad faith could be considered by civil or criminal courts during proceedings related to agreements between the prior user and the patent holder or related to trade secrets.*

<sup>16</sup> The Swedish Group explains that the prior user right is excluded in cases where evident abuse has occurred in relation to the relevant inventor or his/hers successor; but there is no further requirement of good faith.

<sup>17</sup> The Group from the Netherlands reports that the Netherlands Supreme Court has ruled that the prior user has the right to change or improve the prior used embodiments.

<sup>18</sup> The Group from Sweden reports the following:

*There is a general limitation of the user right in that it must maintain its "general character".*

<sup>19</sup> The Swiss Group mentions that further developments that are obvious from the viewpoint of the subject of the prior use should also be covered by the prior user right.

<sup>20</sup> The Group from the Turkey reports that the prior user right covers only use in the "same manner" as before.

<sup>21</sup> The Group from the UK reports that basically the prior user has only the right to continue doing what he was doing before the priority date. But the use may change in certain degree.

The following nine Groups report that the prior user right in their jurisdiction has no particular limitation or the current situation is basically irrelevant: Australia, Belgium, Hungary, Indonesia, Japan, Mexico, Philippines, Poland and Sri Lanka.

Austria reports no case law about this topic but commentaries suggest that there is a limitation.

9. **Does a prior user right in your country require the continued use (or the necessary preparations of the use) of the invention claimed by the patent at the moment in which the objection of the prior user right is asserted or is it sufficient if the invention claimed by the patent has been used before the priority/filing date of the patent but has been abandoned at a later stage?**

15 Groups report that their law has no concrete requirement of continued use: Belarus, Belgium, Brazil, Canada, China, France, Greece, Indonesia, Italy, Mexico, Peru, Philippines, Poland, Romania and Sri Lanka.

Eleven Group Reports gave the answer that a continued use is required: Australia, Austria, Denmark, Hungary, Japan, the Netherlands, Portugal, Spain, Sweden, Switzerland and Turkey. Some Reports mention that a merely discontinuous use does not end the prior use.

The Groups from the UK and USA report no concrete requirement of continued use but a distinction between abandonment and merely discontinuous use (which does not abolish the prior user right).

10. **Is a prior user right transferable and/or licensable in your country? If yes, under what circumstances?**

Except for Mexico, 29 Group Reports indicate that the prior user right is transferable and none of the Groups report that the prior user right is independently licensable.

In addition, 22 Groups report that the prior user right is only transferable in combination with an entire or significant part of a company.

In Indonesia the prior user right is only transferable in inheritance cases. The Japanese and the Romanian Law provides that the prior user right is transferable in

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<sup>22</sup> The Group from USA reports that certain variations in the quantity or volume of use and moderate improvements may be lawful.

inheritance cases and together with the related company. The Mexican law has different possible interpretations.

- 11. Does your national law provide any exceptions or special provisions with regard to a prior user right owned by a company within a corporate group? In particular, can a prior user right be transferred or licensed to another group company?**

No Group Report mentions an exception or special provisions with regard to a prior user right owned by a company within a corporate group.<sup>23</sup>

- 12. Are there any exceptions for any specific fields of technology or types of entity with regard to prior user rights in your country?**

Except for the USA<sup>24</sup> Group there are no further exceptions for any specific fields of technology or types of entity with regard to prior user rights.

- 13. The Groups are invited to explain any further requirements placed on prior user rights by their national law.**

The following 14 National Groups explain further requirements: Australia, Austria, Canada, China, France, Hungary, Italy, the Netherlands, Poland, Portugal, Romania, Spain, Switzerland and UK.

#### **IV. Policy considerations and proposals for improvements to your current system**

- 14. Should a prior user right exist in any legal system? If yes, what is the main legal justification for a prior user right?**

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<sup>23</sup> Notable are the following explanations:

The Group from France explains as follows:

*The concept of a group of companies is not recognised in French law, and the companies of one and the same group are therefore considered to be distinct legal persons in the same way as companies not belonging to one and the same group. There is therefore no exception in French law with regard to the transfer of prior personal possession within a group of companies.*

The Group from USA explains as follows:

*The prior user right may be asserted by the person who performed or directed the performance of the commercial use, or by an entity that controls, is controlled by, or is under common control with such person.*

<sup>24</sup> *The prior user right is unavailable as a defense to infringement of a claimed invention that, at the time the invention was made, was owned or subject to an obligation of assignment to an institution of higher learning or a technology transfer organization whose primary purpose is to facilitate commercialization of technologies developed by one or more institutions of higher learning.*

All National Groups believe that there should be a prior user right in any legal system.

The three main justifications are balance, economic aspects and the freedom of choice:

- 31 Groups mention balance between the effects of the first-to-file system principle and a lawfully continued activity that had been carried out in good faith.
- Nine Groups mention the economic perspective that lawful investments should not be frustrated because of a patent.
- Nine Groups mention the freedom of choice between obtaining a patent protection or simply using the development.

Some Groups mention more than one justification.

**15. What is the perceived value of prior user rights in your country?**

20 National Groups report that prior user rights are an important part of a balanced patent system. Of those 20, ten National Groups highlight prior user rights as important protection for those who choose the benefit of maintaining trade secrets.

Eleven National Groups report that prior user rights have only limited practical value.

**16. Are there certain aspects that should be altered or changed with regard to the existing implementation of the prior user right in your country? In particular, are there certain measures or ways that could lead to an improvement and/or strengthening of your current system?**

13 Groups report a desire for more legal security and clarity. The Sri Lankan Group reports that reliance on a prior right defense in court proceedings requires substantial financial resources which are in most cases not available for the defendants.

Five Groups ask for harmonization and two for an extension of the scope of the right.

Seven Groups report that the current situation is adequate.

## V. Proposals for harmonization

### 17. Is harmonization of “prior user rights” desirable?

All Groups except Portugal report that harmonization is desirable.

The Group from Belgium mentions the following:

*(...) yes. For instance, territorial restrictions on prior use would be an issue that is ideally decided on an EU-level, if not internationally.*

The Canadian Group mentions the following:

*(...) Consideration could be given to a harmonized exemption whereby prior use rights for a country are based on prior use in that country, and that prior use abroad does not give rise to prior use rights in other countries.*

The Hungarian Group mentions the following:

*Harmonization seems to be less crucial in the light of the territorial limitation and the ‘case by case’ character of such rights. On the other hand, harmonization is still desirable due to simplification of the global patent system.*

The Italian Group mentions the following:

*Harmonization of prior user rights is desirable, also in view of the next coming into force of the Unitary Patent Regulation and the Unified Patent Court.*

The Group from Japan mentions the following:

*(...) there is need for harmonization with regard to the critical date requirements and wider availability of prior user rights (grant of rights based on the fact of legitimate use in other countries).*

The Group from the Netherlands mentions the following:

*(...) A major advantage of international harmonization of substantive patent law is that it will reduce legal uncertainty and costs for legal advice.*

The Group from Poland mentions the following:

*Harmonization, in particular in the field of “critical date” (date upon which prior user’s rights are determined). This would bring identical and equal rules in each country and would support economical exchange between these countries.*

The Swedish Group mentions the following:

*Yes since the users’ operations are often international and also to make the patentees’ position more predictable.*

The Group from the UK mentions the following:

*Harmonization in this area is desirable and would encourage international trade by increasing legal certainty across different jurisdictions. We suggest that the laws in each jurisdiction should be the same but only apply within that territory or, arguably, in the case of a single market such as the EU, that region. We regard harmonization to be essential for the functioning and efficacy of the proposed UPC.*

**18. What should be the standard definition of “use” in relation to prior user rights? Must the use be commercial?**

15 Groups respond that the standard definition of “use” should be understood as serious and effective preparations.

Three Groups require as the standard definition of “use” any use that would infringe the patent in question.

Three Groups require that the definition of “use” should be understood as exploitation.

To the question of whether the use should be commercial, 13 Groups respond in the affirmative. Ten Groups respond that a non-commercial use should be also sufficient.

**19. What should be the definition of “date” (or “critical date”) for prior user rights? (i.e. when must the invention have been used to establish a prior user right?)**

16 Groups respond that the definition of “date” for prior user rights should be the priority date.

Eleven Groups respond that the critical date should be the priority date – if applicable - otherwise the filing date.

Two Groups respond that the critical date should be the filing date.

**20. Should a prior user right persist in the event that the use and/or preparation for use of the invention has already been abandoned at the time of the patent application/priority date or should the prior user right lapse upon the termination of the use and/or preparation of use?**

17 Groups respond that a prior user right should lapse upon the termination of the use and/or preparation of use. Ten Groups respond that the prior user right should persist in this case.

As the Group from the Belgium explains:

*(...) this question is or becomes irrelevant if enabling (complete and practical) knowledge is accepted as the criterion to establish prior use.*

As the Group from the UK explains:

*The prior user right should persist for the sake of simplicity and ease of enforcement. Proving the termination of use (and/or preparation of use) would be too difficult to do to allow the right to lapse.*

- 21. What should be the territorial scope of a prior user right? In particular, if a party has used the patented invention before the decisive date in a foreign country, should it then be entitled to claim a prior user right?**

All Groups except Belgium, Japan, Mexico and Romania welcome a territorial scope of a prior user right. Thus, the prior use in one country should not give rise to a prior use defense in another country in which no prior use has taken place.

Austria, Denmark, France and Spain mention that the territorial scope should respect the economic environment.

Greece and Sweden mention that the territorial scope should be analogous to the scope of the patent.

Mexico responds that the scope of a prior user right should be international.

Romania mentions that the scope should be larger than the scope of the national patent and it should be related to arising situations.

- 22. Should there be a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor? If yes, should it be necessary that the prior user has acted in good faith to be granted a prior user right?**

17 Groups respond that there should be such an exclusion. Three Groups respond that there should not be such an exclusion.

All Groups respond that good faith should be necessary in any case.

- 23. Should there be material limitation with regard to prior use rights? In particular, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, should he then be entitled to**

### **claim a prior user right to anything covered by the patent?**

25 Groups respond that there should be a material limitation on the scope of prior user rights. The Sri Lankan Group proposes that a prior user right should cover the entire scope of protection conferred by the respective patent.

Seven Groups (Australia, Belgium, France, Japan, the Netherlands, Spain and USA) mention that the prior user should have the right to make modifications.

### **24. Should a prior user right be transferable and/ or licensable?**

28 Groups respond that the prior user right should be transferable. Of those 28, 22 Groups would require that the transfer should only take place under strict limitations. The most commonly mentioned limitation is that the prior user right should only be transferrable together with all or part of a company.

26 Groups respond that the prior user right should not be licensable.

Two Groups respond that the prior user right should not be transferable and two groups respond that it should be licensable.<sup>25</sup>

### **25. Should there be any exceptions for any specific fields of technology or types of entity with regard to prior user rights?**

There is consensus that there should be no exceptions for any specific fields of technology or types of entity.

### **26. The Groups are also invited to present all other suggestions which may appear in the context of the possible international harmonization of “prior user rights”.**

The Austrian Group mentions the following:

*Regarding a harmonization within the EU, it would certainly have practical advantages, if a prior user right obtained in any one member state would have validity throughout the entire community.*

The Canadian Group mentions the following:

*The Canadian group considers that a prior use defense is a national question and hence any harmonization on this topic would provide prior use rights recognition only if the prior use rights arose in that country.*

The Chinese Group mentions the following:

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<sup>25</sup> Austria mentions that it should be only exclusively licensable.

*We believe that the following issues should be harmonized with regard to the prior user right:*

- 1. The critical date for a prior user right.*
- 2 . The definition of USE.*
- 3. Whether the source of knowledge of the invention obtained by the prior user is critical to establish a prior user right.*
- 4. Whether the use should be limited to the original scope. If yes, how to define the original scope.*

The French Group mentions the following:

*The harmonised rule should not fix a quantitative limit for the extent of the working that can be realised by the beneficiary of prior personal possession; thus, someone who only worked the technology in question on a marginal basis before the filing of the patent can increase its production subsequent to the filing, and can even do so to a significant extent.*

*Nor should the harmonised exception of prior personal possession be limited in terms of the acts undertaken.*

*The harmonised exception should also extend to those who market or make use of the invention downstream of the beneficiary, such as retailers or end customers, and also subcontractors, that is to say those parties involved at the request of and solely for the account of, the beneficiary of the exception. Marketing products on a territory should allow a person to rely on the exception of prior use on that territory, even with regard to a patent relating to the process for manufacturing the product; in other words, any company which, in good faith, as at the filing date or priority date of a patent, is directly or indirectly marketing on a territory products that it manufactures, should be able to continue to market these products, directly or indirectly, on that territory.*

The Indian Group mentions the following:

*The law should be formalized to the extent that prior public use should destroy the novelty. There is no reason to treat prior public use differently from prior publication.*

The Group from Italy mentions the following:

*The group believes that the grant of prior user rights should be based on the twelve months period before the filing date or the priority date of the patent application, when priority is claimed.*

The Group from Japan mentions the following:

*The Japanese Group completely agrees with a statement in para 7 (section "Previous work of AIPPI") of this Questionnaire "The passage of time and changes in relevant national laws make this topic ripe for reconsideration at this time." Now that the countries in the world, including the US, have a common rule of the first-to-file system, it is desirable to start afresh with dis-*

*cussion from the viewpoint of truly international harmonization of important aspects of the patent systems in global society, regardless of developments in the past. As one of these important topics, discussion on the prior user right system should be restarted.*

The Group from the Netherlands mentions the following:

*We note that no specific question addresses the standard of proof issue. We could accept that no specific rules (e.g. up to the hilt, clear and convincing, etc.) are adopted for prior user rights.*

*Further, it appears desirable that the legislator should provide for a procedure for obtaining an early declaratory judgment about the existence and scope of prior user rights, and rules about initial ownership, e.g. in the case of prior use that comes into existence during work performed by an independent contractor.*

The Group from Poland mentions the following:

*If there was an international harmonization of “prior user rights” on agenda, the following question could ponder. If a patent is registered in various jurisdictions and in one jurisdiction an entrepreneur is registered as a prior user, this shall be taken into account also in the other jurisdiction, especially in terms of infringement/legitimate use.*

The Group from Romania mentions the following:

*As regard to the possible international harmonization of the principle of “prior user right” we are the opinion that should include clear and specific requirements in order not to become an instrument used by the parties who wants to benefit by the patented invention.*

*This rule has to remain a legal recognition of the right of the previous user who created an invention in good faith without having knowledge about same invention materialized by another person in the same or other country.*

The Group from the UK mentions the following:

*(...) Harmonization of the law in Europe is critical in view of the UPC, and that should include consideration as to whether the scope of the right should be national or based on the territory subject to the UPC Agreement, or be EU-wide.*

## **VI. Conclusions**

The Group Reports show that 29 of 32 jurisdictions currently recognize prior user rights or a comparable exception to the exclusive right of a patent holder. Prior user rights are seen as an important part of a balanced patent system, notwithstanding that this right is only seldom used. Nevertheless, the requirements for estab-

lishing prior user rights and the scope of these rights diverge in the various jurisdictions.

There is consensus that harmonization is desirable and that legal security should be increased. Only the suggested requirements for the definitions of “use” and “date” diverge. The great majority holds the opinion that the prior user right should be transferable in limited circumstances, but not licensable.