

April 14, 2016

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Mr. Tatsuo Takeshige
Chair of the Workstream on Prior User Rights
Group B+ Subgroup on Harmonization
Japan Patent Office

**Re: Proposed Comments to PUR Workstream Paper from JPO dated
March 11, 2016**

Dear Mr. Takeshige:

AIPLA thanks the Japan Patent Office for the opportunity to provide comments to the Draft of Paper of Prior User Rights B+ Sub-Group on Patent Harmonization Workstream on Prior User Rights Revised on March 11, 2016

AIPLA is a U.S.-based national bar association with approximately 14,000 members who are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA members represent a diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, unfair competition, and trade secret law, as well as other fields of law intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective global laws and policies that stimulate and reward invention and authorship while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

We commend the JPO for the quality work performed so far on this Paper, and respectfully submit the following comments for consideration.

NOTE: This set of comments from AIPLA is subject to review of all elements of Patent Harmonization as a full package, which review would then be subject to the final approval by the Board of Directors of AIPLA.

I. Summary of Points Made During Industry Trilateral Meeting with Group B+ Subgroup on Harmonization on February 22, 2016.

A number of points were raised at the meeting of the Industry Trilateral with the Group B+ Subgroup on Harmonization in Alexandria, Virginia on February 22, 2016. We respectfully provide them below to the JPO for consideration in its PUR Workstream Report.

A. The Nature of the Qualifying Activity

There is general agreement within the Industry Trilateral that the activity that qualifies for Prior User Rights is defined to be "serious and effective preparation" ***made*** prior to the application filing date. There also is agreement that the activity must be more than a "conceptual" step and need not be "actual commercial use" (as currently in the US). In order to make the definition of the qualifying activity reflect the consensus of the Industry Trilateral, the word "made" should be used, rather than "started" or "began." The word "made" best reflects the need for substantial investment and planning to use a later claimed invention.

Thus, in the PUR Workstream Report, the word "started" or the like has the risk of misinterpretation and should not be used in any discussion of the basis for qualifying for prior user rights, other than to distinguish unqualified activity from qualified activity. See, for example, page 47.

B. The Scope of the Prior User Right

In connection with the discussion of the scope of the prior user right that is established by a third party's serious and effective preparation ***made*** prior to the application filing date, an objective standard must be used for evaluation of the scope of the prior user right. The benchmark for that evaluation are the patent claims as issued. Thus, when the prior user right is asserted by the third party, there must be a showing (1) of the details of the product, material or process that existed on the date of application filing that is to be covered by the PUR and (2) an identification of the claims of the patent that cover the product, material or process that existed on the date of application filing. If there are claims that have additional detail and would not cover the product, material or process that existed on the date of application filing, then no PUR applies to those claims. Thus, if the third party later makes a product that is covered by the additional claims, no PUR would exist as to those products. In short, the claims of the patent must be used and compared to the qualifying activity in order to objectively identify the scope of the PURs that have been established.

Further to this point, whatever third party activity prior to the application filing date that is not a serious and effective preparation for an additional feature of the product, and that additional feature is covered by other claims in the patent, the additional feature does not qualify for a PUR. Thus, if the broadest claim covers the product with the additional feature but narrower claims also cover the feature but are not subject to PUR, the third party product does not have the benefit of PURs.

C. The Scope of Rights to Improvements

Again, with regard to the right to improve a product that was originally subject to PURs and retain the benefit of the PUR for the improved product, the objective test is based on the claims. Where a claim is broad and the original product that resulted from the serious and effective preparation activity benefits from the PUR, and the later improvement also is covered by the claim, the improvement is covered by the PUR. Where the improvement is covered by a

claim or claims that were not subject to the original PUR, the improvement does not get the benefit of a PUR. This principle is the same as presented in the last paragraph of the prior section. Note, for example, that this principle appears to exist under Japanese law as explained at page 23 of the redrafted PUR Workstream Report and US law as explained at page 31. AIPLA suggests the JPO present a number of real world scenarios and, based on an analysis of these scenarios, provide high level guidance for the treaty negotiators, the legislators, and eventually the courts. The scenarios could also help avoid unintended consequences. To leave decisions regarding the creation or expansion of prior user rights to the courts would lead to uncertainty for patent stakeholders. The scenarios could illustrate the creation or expansion of prior user rights in different situations, the possible outcomes, and the policies favoring each outcome. For example, consider a scenario in which a prior use was within a broad claim of a patent but not a dependent claim and the improvement after the filing date is also within the dependent claim. Does it make a difference if the dependent claim was original or added after making "serious and effective preparation"?

D. Comments on the Conceptual Diagram - Good Faith

The conceptual diagram is interesting but seems not to consider the case where there is derivation without knowledge - a common case where a publication is made and the link between the publication and the patent cannot be determined. In such case, there is knowing copying, but there also is good faith in that the third party does not know of the rights of the patent owner or applicant.

If a grace period is in place, this raises the potential that the prior use may arise after a third party reads non-patent literature describing an invention and the entity that wrote the article later files a patent application. After reading the non-patent literature the third party makes "serious and effective preparation" ***prior to the application filing date***. This scenario raises multiple issues:

- 1) Is this third party acting in good faith and considered an innocent deriver? What do we understand by good faith? If he is an innocent deriver during the grace period then does he automatically get Prior User Rights? Or must we wait until the 18 month publication to see if it is easily noted that the same entity pre-published and filed the application?
- 2) If it is apparent from the documents themselves that the patent and the non-patent literature were to the same entity then should there be a Prior User Right?
- 3) What if the innocent deriver not only substantially prepares before the filing date but actually commercially sells before the filing date. Is that prejudicial against the applicant? Or is that like a "re-publisher" where the republication is not prejudicial.

II. Comments to Specific Sections of the Paper.

We also respectfully submit the following comments with respect to specific sections of the paper:

1. At page 4, second paragraph, the Industry Trilateral is quoted with respect to the territorial scope of PUR's. Both here and elsewhere it is inferred that the Industry

Trilateral position is that a conclusion will be reached in the future. In fact, during the meeting of the Industry Trilateral in December, 2015 in London, the Industry Trilateral decided that, while in the future a review of this topic may be desirable, at least for the present, it was agreed that PUR's should be on a national basis.

2. The paper recognizes that an area that has not been addressed yet is relating to expansion of business activity, etc. This is discussed on pages 42 and 43, where the issues were raised whether expansion, modification, changes in type, etc., should be permitted to the prior user. However, they simply list yes or no as the alternative solutions without any analysis.

It would be helpful if the JPO could analyze the pros and cons of each alternative, the economic impact, analysis of scenarios in which different results might take place, and further expand on this area to help better provide a path towards reaching a consensus.

AIPLA looks forward to further discussions on Prior User Rights as part of the Industry Trilateral, and continuing to move forward with Harmonization efforts.

Respectfully submitted,



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President
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