

"Secret" Prior Art: Europe and Japan – A Different View

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INTRODUCTION

Japan and the European Patent Convention ("EPC") have "first to file" patent systems. In such systems, the first person to file a patent application for an invention is entitled to a patent on the invention. Where a patent application has been filed for the same invention by the same applicant in another country, and the benefit of convention priority is claimed, then the local application, for the purpose of determining who was the first to file, is considered to have been filed locally, on the priority date (the filing date of the earlier, foreign application).

Under first to file systems, applications are "published" or "laid open for public inspection" no later than 18 months after the filing date (or priority date, where it is claimed).

Until it is published, a patent application is secret. Under a first to file system, a later filed patent application can be defeated by an earlier filed patent application that discloses the invention in an unpublished application which later issues and which is therefore temporarily "secret". In this way, secret prior art can defeat the later filed patent application whose applicant did not and could not have known the "complete" state of the prior art.

This paper discusses how such "secret" prior art is dealt with under the laws of Europe and Japan.

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EUROPE

Novelty

Under the EPC, the novelty of an invention depends upon the "state of the art" as of the filing date (or the priority date, if one is available) of the patent application in question.

The general rule is: the first to file, wins. If no one else has made the invention public as of the filing date, or has filed, at an earlier date, a patent application for the same invention, you win.

Under the EPC, a patent applicant discloses a novel invention if what is taught in the application does not form part of the state of the art.²

The "state of the art" includes:

1. Everything made available to the public, before the date of filing the European patent application in question, by means of:
 - a. Written description;
 - b. Oral description;
 - c. Use; or
 - d. in any other way.³ and
2. Other European patent applications:
 - a. filed before the European patent application in question, and;

² EPC Article 54(1):

An invention shall be considered to be new if it does not form part of the state of the art.

The EPC can be found at <http://www.european-patent-office.org/legal/epc/e/ma1.html#CVN>

³ EPC Article 54(2):

The state of the art shall be held to comprise everything made available to the public by means of a written or oral description, by use, or in any other way, before the date of filing of the European patent application.

- b. published on or after the date of filing of the European patent application in question.⁴

and only in respect of the Contracting States where the earlier application and the later application both designated that Contracting State.⁵

If priority is validly claimed, then the priority date shall count as the date of filing of the European patent application for the purposes of determining the state of the art in Article 54(2).⁶

The second category of the state of the art referred to above is referred to in the parlance of the European law as "prior rights". "Prior rights" under Article 54(3) are the only form of "secret" prior art in the EPC. The object of Article 54(3) is twofold:

- (1) To prevent granting more than one patent for the same invention, and;
- (2) To grant the patent to the first to file.

A patent application that does not proceed to publication does not contribute knowledge to the public and therefore, is not included in the category of prior rights.

Prior to the EPC, there were two distinct ways of handling "prior rights":

- (a) by examining whether there were identical claims in the prior and later applications (the "prior claim approach"); and

⁴ EPC Article 54(3):

Additionally, the content of European patent applications as filed, of which the dates of filing are prior to the date referred to in paragraph 2 and which were published under Article 93 on or after that date, shall be considered as comprised in the state of the art.

⁵ EPC Article 54(4):

Paragraph 3 shall be applied only in so far as a Contracting State designated in respect of the later application, was also designated in respect of the earlier application as published.

⁶ EPC Article 89:

The right of priority shall have the effect that the date of priority shall count as the date of filing of the European patent application for the purposes of Article 54, paragraphs 2 and 3, and Article 60, paragraph 2.

- (b) by considering the entire prior application as the state of the art (the "whole contents" approach).

Article 54(3) adopted the "whole contents" approach. It does not however consider, when determining novelty, whether a prior document includes within its scope well-known equivalents that are not disclosed in the document.⁷ That is a matter for obviousness, not novelty.

Note that the effect of the earlier filed application is only felt in the countries designated by the European application.⁸ For example, if the previously filed application does not designate Spain, then the earlier unpublished application is not a novelty bar to a later filed application in Spain for the same invention.

Article 54(3) does not include as a novelty bar a prior national patent application as that is not a European patent application. Thus where a national patent application is filed on the invention, and a European patent application is filed later for the same invention, Article 54(3) does not prevent patentability of the later filed European patent application. Where this situation occurs, rights are determined by the national law. For example, in Switzerland, the "prior claim" approach is used whereas most EPC countries use the "whole contents" approach.⁹

Rule 87 provides that where the EPO learns of a national prior right under Article 139(2), the European patent application or patent may contain, for such Contracting State, claims, description and drawings that are different from those in other Contracting States.

⁷ T167/84 Nissan/Fuel Injector valve O.J. EPO 1987. 369; [1987] E.P.O.R. 344.

⁸ This applies only if the designation fees under Article 79(2) have been validly paid (Rule 23a). Because the designation fee shall be paid within six months of the publication of the European search report (Article 79(2)), EPC prior art can only be determined at least six months after the publication of the prior application in case the first filed application did not designate a particular country upon filing and later paid an additional fee to designate that country. This issue is not too concerning as most applications designate all Contracting states or do so by paying for the minimum number of states that automatically invokes the designation of all states.

⁹ Paterson, Gerald; "The European Patent System: The Law and Practice of the European Patent Convention"; Sweet & Maxwell, London, 2001 at p. 499.

Same date applications

Where the prior and later applications for the same invention are filed on the same day (same filing date or same priority date), the EPC is silent on how the applications should be handled, and it is up to the Contracting State to prescribe whether and on what terms the invention may be protected by both applications or patents.¹⁰

PCT applications

A PCT application, for which the EPO is the designated office, is included in the state of the art under Article 54(3), from the date when it is filed in the EPO in accordance with Article 158(2) of the EPC (that is, in the official language and accompanied by payment for the national fee). The prior art effect is limited to the Contracting States that are commonly designated in the European patent application and the earlier filed PCT application when it enters the European phase.

Obviousness/Non-Inventive Step

Article 56 provides:

"An invention shall be considered as involving an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art. If the state of the art also includes documents within the meaning of **Article 54, paragraph 3, these documents are not to be considered in deciding whether there has been an inventive step.**"

Thus "secret" prior patent applications, under EPC Article 54(3), are expressly excluded as prior art for the purpose of determining obviousness. This is an important distinction from U.S. law where it is included.

The reasoning for this situation is clear: the "secret" prior patent application was not available to the later filing inventor. It was neither common general knowledge nor public knowledge that could have been used by the second inventor as part of the mosaic used to create the invention.

¹⁰ Article 139(2)

The date for determining obviousness (also known as the "inventive step") therefore involves the state of the art as at the date of filing the European patent application in question (which might be the priority date, if one is available¹¹).

JAPAN

Novelty

Under the Japanese Patent Law ("JPL"), s. 29(1):

Any person who has made an invention which is industrially applicable may obtain a patent therefore, except in the case of the following inventions:

(i) inventions which were publicly known in Japan or elsewhere prior to the filing of the patent application;

(ii) inventions which were publicly worked in Japan or elsewhere prior to the filing of the patent application

(iii) inventions which have been described in a distributed publication or inventions which became available to the general public through telecommunication lines in Japan or elsewhere prior to the filing of the patent application.¹²

Note that prior art, under Japanese law, includes prior art worldwide. This is a relatively recent change to Japanese patent law. Prior to amendments that became effective January 1, 2000, prior art was limited to what had been disclosed in Japan.

If the invention is disclosed in a patent application previously filed by someone else, and the earlier filed application is subsequently published, the later filed application will be refused. If the earlier filed application had the same inventor or both applications were filed by the same person, the second application is not barred from patentability.¹³

Where there are two or more claims in an application, the novelty analysis is done on a claim by claim basis (as is the case in Canada).

¹¹ EPC Article 89

¹² added December 10, 1999 to take into consideration prior art published on the Internet. See http://www.jpo.go.jp/tetuzuki_e/t_tokkyo_e/hatusinkie.htm

¹³ JPL s. 29^{bis}

Same date applications

Section 39(2) provides that if two applications are filed on the same date, the Commissioner of the Japanese Patent Office orders the applicants to figure out who gets the patent for the invention. If the two applicants do not reach an agreement, neither one will be able to receive a patent. This also precludes others from later claiming the same invention.

Obviousness

Section 29(2) of the Japanese Patent Law relates to the inventive step (nonobviousness). An invention is obvious, and therefore not patentable where it could easily have been made based on certain prior art. For applications filed on or after January 1, 2000, art which was publicly known, in Japan or elsewhere, were publicly worked in Japan or elsewhere and art that was described in a distributed publication or made available to the public through electric telecommunication lines in Japan or elsewhere prior to the filing of the patent application may be considered in this context.

Note that the state of the art in an obviousness analysis under JPL does not include "secret" patent applications.

GENERAL CONSIDERATIONS

Nightmare scenario No. 1: the patentable obvious improvement

Americans sometimes have a false sense of security once they file a U.S. patent application with the USPTO. While the application is still secret, they may disclose their invention to someone else, believing that the filed patent application protects their intellectual property rights. Due to "secret" prior art law, they are not always protected in Europe and Japan.

Consider the following scenario. Inventor A files a U.S. patent application on an electric lamp. Before the electric lamp invention is made public either by the publication of the U.S. patent application or by other public disclosure, Inventor A discloses his invention to B under a confidentiality agreement. B "invents" a nonpatentable improvement to the electric lamp, namely a lamp shade and files patent applications in Europe and Japan for the lamp and lampshade combination, necessarily including in her application, a

description of the lamp. Later, Inventor A files patent applications in Europe and Japan for his electric lamp invention and claims the benefit of convention priority. Under European and Japanese law, although Inventor A's application has priority, it does not anticipate the lamp shade/lamp combination and therefore is not a novelty bar to B's patent application for the combination. It is also not considered state of the art for purposes of obviousness because, at the time B filed, A's patent application was secret prior art. B would obtain the European and Japanese patent on the lamp shade. Inventor A would obtain a European and Japanese patent on the lamp. Inventor A would have an action against B for breach of the confidentiality agreement.

In her paper entitled "International Aspects of Trade Secrets Law", Karen A. Magri¹⁴ warns that it may be impossible to enforce by contract an agreement to keep the third party, such as a licensee, from filing a patent applications on obvious variations of the invention outside the United States.

The situation would be even worse if Inventor C independently "invents" the lamp and lamp shade combination after Inventor A filed a U.S. patent application on the electric lamp and where C applied for protection in Europe and Japan. Assuming A later filed European and Japanese patent applications claiming convention priority, A's priority would bar C from getting claims on the lamp. C's obvious improvement on the electric lamp would be patentable in Europe and Japan however, because A's prior application is not a bar for obviousness. If Inventor A never filed a patent application in the U.S.A. or elsewhere, and never made his invention public prior to C filing a patent application on the lamp and lampshade, C would be entitled to the European and Japanese patents on the lamp and lampshade since C was the first to file.

Nightmare scenario No. 2: the patentable inventive improvement

Special care must be taken when two parties collaborate. Although collaborative efforts often have the parties enter into mutual confidentiality agreements, improper attention to the requirements of first to file patent systems can result in the loss of patent rights.

¹⁴ 1997, http://www.myersbigel.com/ts_articles/trade_secret3.htm

Imagine the following circumstance. Inventor A invents the electric lamp. He discloses his invention under circumstances of confidence to inventor B who is inspired to invent an acoustically operated on/off switch, "the Clapper". Inventor B files a European or Japanese patent application for the Clapper and includes in her disclosure, a description of the electric lamp. Inventor B's patent application would constitute a bar to Inventor A later filing a patent application on the electric lamp. Inventor A's only recourse would be to sue inventor B for breach of their confidentiality agreement. In some jurisdictions, inventor A may be able to be added to Inventor B's patent applications as an inventor for the electric lamp and subsequently divide out, from inventor B's application, the claims relating to the electric lamp. Inventor B would retain the rights to the Clapper.

Closing Comments

A word of warning to American patent practitioners: do not assume because you have had to limit your claims in the United States due to secret prior art creating either a novelty or obviousness bar, that you will have to do so in foreign jurisdictions.

The laws may be different there – to your advantage - and broader protection may be available. Do not automatically make your foreign claims conform with your U.S. claims. Consult your foreign patent agent as to whether narrowing the claims is necessary.