

19 Comparative Study on the Basis of the Prior User Right (Focusing on Common Law)^(*)

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Suppose A had filed a patent application for an invention, but, prior to A's filing, the other B had made the same invention independently and has been making and selling a product embodying such invention. In this case, could A be granted a patent? Or, would A's patent be found invalid? If A is to be granted a valid patent, would B be allowed to continue making and selling the product even after a patent has been granted to A? The Japanese Patent Act [JPA] provides the following solutions to this question: (i) in cases where A's invention lacks novelty due to B's making and selling (Article 29 paragraph (1) of JPA), A cannot be granted a patent, and B will be able to continue making and selling the product, (ii) in cases where A's invention is still new, A will be granted a patent, but, nevertheless, B will be allowed to continue making and selling pursuant to and to the extent of prior user right (Article 79 of JPA). But these solutions are, from a historical and comparative perspective, not exclusive ones. For example, the "classical" UK Patent Law prior to 1977 and US Patent Law prior to reform in 2011 have provided different solutions from those of Japan. The purpose of this study is to investigate why they have adopted different solutions in adjusting the conflict between patentee and prior user and, thereby, to clarify the characteristic of the prior user right of JPA.

I Introduction

1 Overall Question in This Research – [Basic Question]

[Basic Question]

Suppose A had filed a patent application for an invention, but, prior to A's filing, the other B had made the same invention independently and has been making and selling a product embodying such invention. In this case, could A be granted a patent? Or, would A's patent be found invalid? If A is to be granted a valid patent, would B be allowed to continue making and selling the product even after a patent has been granted to A?

The current Japanese Patent Act [JPA] provides the following solutions to this "basic question": (i) in cases where A's invention lacks novelty due to B's making and selling (Article 29 paragraph (1) of JPA), A cannot be granted a patent and therefore, B will have no problem in continuing such making and selling.

In contrast, (ii) in cases where A's invention is still new, A may be granted a patent. On the other hand, B, pursuant to the prior user right (Article 79 of JPA), and to the extent of it, will have a statutory

license and will be allowed to continue making and selling without consideration. Moreover, the patent right in question shall not be effective against the product made prior to A's filing pursuant to Article 69 paragraph (2) item (ii) of JPA.

The concepts shown by the solutions provided by JPA as briefly illustrated above, also apply, in principle, to German law, which had a major impact on JPA, and also to the treaties and national laws of European countries.

Nevertheless, from a historical and comparative perspective, the aforementioned regulations did not necessarily constitute exclusive solutions. More specifically, the solutions provided by the traditional UK Patent Law prior to the amendment in 1977 (hereinafter referred to as the "Classical UK Patent Law") and by the US Patent Law prior to the reform in 2011 (hereinafter referred to as "US Patent Law Prior to Reform") were completely different from those of JPA.

2 The Purpose of This Study

The purpose of this study is to examine the concept or value judgment underlying the legislations of other countries which provide solutions to the "basic question" different from those of JPA as briefly mentioned above. Moreover,

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through such process, this study aims to gain a new perspective which would be useful in clarifying the purport and characteristics of the Japanese patent system where patent and prior user right go together.

II Study on UK Law

1 Classical UK Patent Law – decision of the House of Lords in Bristol-Myers Company (Johnson's) Application

It is the decision of the House of Lords in *Bristol-Myers Company (Johnson's) Application*¹ under the former law (Patents Act 1949) that is a suitable starting point for understanding the solutions provided by the Classical UK Patent Law.

This decision pointed out that the concept that "No one was to be given the right to stop other traders from doing what they had done before,"² i.e. the 'right to work' principle, served as the legal policy or legal principle consistently since the enactment of the Statute of Monopolies, and clarified that even if prior use constituted "uninformative" use as in this case, there would be no change in the application of this legal policy or legal principle. Accordingly, it may be said that this decision placed the "solution provided by the Classical UK Patent Law," where A would not be granted a patent or A's patent would be found to be invalid in relation to the "basic question", as the legal policy which had been consistently applied since the enactment of the Statute of Monopolies.

In this decision, the legal policy or legal principle mentioned above was regarded as a concept which differed from the written disclosure of inventions required for grant. It was deemed to be of no importance in determining the novelty of the invention whether the prior user knew what the invention in question was, or whether the information of the invention in question had become available to the public from the prior use. Consequently, it was decided that the invention in question was anticipated even though the prior user had done his act without knowledge, as it was not necessary that an infringer should have realised that he was doing an infringing act for the purpose of infringement (i.e. the reverse-infringement test).

In addition to the two points mentioned above, it is remarkable that the decision pointed out another traditional concept that once an invention had been commercially used, it was no longer regarded as "new," even if the information of the invention itself had not yet become available to the

public, in view of avoiding a de facto extension of the patent term.

Today, it may be said that we have a general image of patent system that a patent for an invention shall be granted in return for public disclosure of it. But, under the Classical UK Patent Law, they have another image: use of an invention itself was treated as the principal bar to patent and disclosure of an invention was considered to be a different concept. These are, we could say, characteristics of the Classical UK Patent Law. So then, the question is, how did the Classical UK Patent Law come to develop such characteristic?

2 Background to the "Solution provided by the Classical UK Patent Law"

The original purpose of the UK patent system was the very promotion of industry, and therefore, use (working) of an invention itself was regarded as the most important element. In addition, the Statute of Monopolies was enacted with the purpose of eliminating the mischief caused by the arbitrary grant of monopolies by the Crown, particularly those which harmed other traders who were already engaged in business before the monopoly was granted. Hence, it was the prior use itself and the prior users themselves that were to be protected and it was more than natural that prior use was considered to constitute a bar to patent.

In this way, the early UK patent system placed more weight on use of an invention rather than on devising of an invention. Therefore, as to who should obtain a patent, "true and first inventor" was interpreted to include not only the actual deviser of an invention but also the person who imported an invention from abroad, and this practice had been continued until the revision to the current legislation. Based on such interpretation of the "inventor," it can be presumed that the "first" inventor was not necessarily decided based on the time of devising an invention. Indeed, initially, the standard of time for deciding the "first" inventor was the time of the grant of a patent, although it was later changed to the time (date) of filing a patent application. So, even if the relevant person were not the first deviser, he/she could be regarded as the "first inventor."

Under the Classical UK Patent Law, it was considered that Patent Law had no role to play any more if a prior user already existed and the public had already enjoyed the benefit of the invention. It can be said that what was valued in those days was business relating to the use of an invention rather

than devising of an invention, business operators rather than inventors, and utility (benefit) of an invention (utility of a patented product) rather than information of an invention itself. Certainly they had a view of price (consideration) for disclosure of an invention, but rather, they had an idea that a patent is a price (consideration) for use of an invention.

In other words, if any business activities relating to the use of an invention had already been conducted, the very existing business was regarded as what was to be protected in terms of national industrial policy, and the grant of a patent which might harm such existing business was deemed unreasonable. Moreover, it was also deemed unreasonable to grant an additional patent monopoly in cases where a de facto monopoly had already been made based on prior use, because if do so, it would mean that the Crown (the State) was taking part in prolonging the monopoly unreasonably.

3 "Drastic Change in the Legal Policy" through the enactment of the Patents Act 1977

The Classical UK Patent Law, which had the characteristic mentioned above, achieved a drastic change through the enactment of the Patents Act 1977. Such change was made in response to a demand to harmonize the UK patent system with those of other European countries.

(1) Harmonization in Europe – The Concept of Absolute Novelty

Work on the enactment of the Patents Act 1977 started with the purpose of making the amendments necessary for the ratification of so-called Strasbourg Convention signed in 1963. Article 4 of that Convention which provided for novelty, contained the concept of "absolute novelty" where everything made available to the public before the date of the patent application may be used for the determination of novelty, without either geographical or time limits. Thus, in 1970, the Banks Committee which examined the patent system and patent law recommended in its report the adoption of the concept of "absolute novelty."

Later, in 1973, so-called European Patent Convention [EPC] which attempted to establish European patent system was concluded. This convention contained the concept of absolute novelty, in almost the same wording as provided for in the Strasbourg Convention. Accordingly, the UK Patent Law came to introduce the concept of

absolute novelty corresponding to the EPC in the Patents Act 1977 which amended the former Act in order to harmonize with the international conventions, especially EPC.

(2) Introduction of the Concept of Absolute Novelty in the Patents Act 1977

As a result of introducing the concept of absolute novelty, it was no longer permissible to provide "secret prior use" as a ground for invalidity (the revocation) of patent, as in Section 32(1)(l) of the Patents Act 1949, and thus that provision was repealed. Deletion of such provision alone led to the possibility of leaving the secret prior user with no protection, so the Banks Committee recommended the establishment of a prior user right, which is now provided in Section 64 of the current UK Patents Act.

As a result of amendments mentioned above, the "previous policy of the law" which had been noted in the decision of the House of Lords in the *Bristol-Myers* case and maintained under the Patents Act 1949 dramatically turned into "The Old Law." Regarding this drastic change, the decision of the House of Lords in *Merrell Dow v. Norton*³ noted as follows:

"The 1977 Act therefore introduced a substantial qualification into the old principle that a patent cannot be used to stop someone doing what he has done before. If the previous use was secret or uninformative, then subject to section 64, it can. Likewise, a gap has opened between the tests for infringement and anticipation. Acts done secretly or without knowledge of the relevant facts, which would amount to infringements after the grant of the patent, will not count as anticipations before."⁴

As seen from the above, the introduction of the concept of absolute novelty in the Patents Act 1977 had significance in that the subject of the test for anticipation was limited to the invention itself, i.e. the very knowledge or information of the invention. Accordingly, under the new Act, no matter how many products embodying an invention are on the market, if it is absolutely impossible to obtain information on the invention from any reverse engineering efforts or if the reverse engineering itself is impossible, such invention itself does not form part of the state of the art and, therefore, it is still new and a patent for it can be granted. Based on such patent, which has become effective under the new Act in contrast to the former law, the use of the invention which the public, based on freedom, commenced without

infringing any of the rights or interests of others could be enjoined. However, to avoid such an unreasonable result which would be insupportable under the principles of the former law "Right to continue use begun before priority date", i.e. prior user right, provided in Section 64 of the current Patents Act, was established. Only when this right is admitted, would it be unacceptable to use a patent to stop the act of prior user. And, therefore, it may be said that it is only to that extent that the principle of the former law, i.e. the right to work principle, is still in existence under the current law.

III Study on US Law

1 Section 102(b) of the US Patent Law Prior to Reform

As mentioned in the Introduction, we can find a common rule applied to the situation of the "basic question" in some countries, and the rule relates to the use of an invention and the time of filing. The purpose of this study is to examine the details of and thoughts behind such a rule. From this standpoint, it is the provision of Section 102(b) of the US Patent Law Prior to Reform which provides for "public use" and "on sale" that shall be studied.

(1) "Double standard" concerning Section 102(b) of the US Patent Law Prior to Reform

Although no difference can be found in the text, in regard to the "public use" and "on sale" requirements set forth in Section 102(b) of the US Patent Law Prior to Reform, different treatments have been made between in the case where the "public use" or "on sale" was made by the applicant him/herself and in the case of "public use" or "on sale" by another (e.g. an independent inventor).

First, if the applicant him/herself made commercial use of a machine or method which is patentable invention prior to the critical date of the application, such commercial use shall constitute a "public use" even if the secrecy of such machine or method has been maintained, and therefore, such machine or method shall not be patented⁵.

In contrast to this, in cases where the use was caused by a third party, the existence of "public use" shall be determined based on the general tests for novelty, i.e. whether or not the subject matter of the invention has been disclosed or has become available to the public through such use⁶.

And as to "on sale" bar, it was noted in a judgment that such "double standard" treatment should also be applied⁷; it was noted that where an

unpatented product made by a patented method is sold and the method remains secret, such a sale creates an "on sale" bar if engaged in by the applicant him/herself, but not if engaged in by another.

(2) Origin of the "Double Standard"

Such a "double standard" in Section 102(b) of the US Patent Law Prior to Reform has its origin in the historical development of that provision. Section 102(b) has been developed as a provision inextricably bound up with the so-called experimental use doctrine, i.e. the issue of the scope of acts which applicants are permitted to conduct prior to filing a patent application.

To put it another way, this refers to a concept where an invention shall not be used commercially prior to filing an application, which is the same as that under the Classical UK Patent Law.

2 Historical Development of Section 102(b) of the US Patent Law Prior to Reform – Regarding The Vested Rights Clause

The so-called vested rights clause itself, which was provided in Section 7 of the Patent Act of 1839, was not equivalent to what we call a prior user rights; rather it was a provision similar to the provision of Article 69 paragraph (2) item (ii) of the current Japanese Patent Act which focuses on tangible products. Further, as machines were required to be purchased from the inventor (or with his/her knowledge or consent, etc.) under the Patent Act of 1870, the issues for which such clause was provided for were dissolved by the first sale doctrine or the doctrine of implied license concerning the distribution of patented products; these doctrines were different from the abovementioned Article 69(2)(ii) of JPA. So finally, the vested rights clause was deleted from the law. Judging from this history, it would have to be said that the clause itself had a limited significance for this study.

Yet, what is important is the discussions carried out in regard to the vested rights clause which resulted in the development of the provisions (and interpretations) of Section 102(b) of the US Patent Law Prior to Reform (including the grace period provision) and the problems which became apparent in the course of such discussions.

For example, an early judgment⁸ examined separately the use of an invention by an independent (second) inventor and that by piracy, in addition to the use of an invention by the inventor him/herself. However, gradually, the use

of the invention by independent inventors came to be ignored and only the two propositions, i.e. "the commercial use of the invention by the inventor him/herself prior to his/her application shall not be allowed" and "the inventor should be protected from the public use of the invention by piracy" came to be emphasized.

This trend is considered to have occurred due to the fact that the US Patent Law adopted the concept where the first inventor was the only one who could dedicate the invention to the public (or cause the patent to lose its novelty and to be in the public domain). A later judgment rendered by the Supreme Court of the United States⁹ interpreted that, pursuant to Section 6 of the Patent Act of 1836, it was concluded that in cases where an invention was in public use or on sale without the consent of the inventor, such public use or on sale, regardless of the length thereof, did not constitute a ground for invalidity, but later a change was made that such public use or on sale of the invention shall not constitute a ground for invalidity as long as it had been made within the grace period pursuant to Section 7 of the Patent Act of 1839. Hence, it may be said that, to that extent, the right of the public was extended pursuant to the Patent Act of 1839. On the other hand, provided it is within the grace period, even the dedication of the invention to the public has been allowed only to the first inventor.

3 Relationship with the System of Trade Secret Protection – Based on *Kewanee Oil* case

In *Kewanee Oil* case¹⁰, several opinions were represented in regard to the relationship between the system of trade secret protection and the patent system. Specifically, on one hand the dissenting opinion pointed out that the use of (entrance into) the patent system was a fundamental rule and therefore inventors were compelled to file patent applications; on the other, the concurring opinion (and the opinion of the court) pointed out that the patent system didn't exert pressure on inventors to file patent applications and merely "offer" inventors to do so

In this regard, the origin of the UK and US Patent Law is found in the Statute of Monopoly, i.e. antitrust law. According to this fact, in one way it may be straightforward to understand, as the dissenting opinion, the concept of "monopoly for a certain period of time in consideration of the disclosure of the invention", not as a mere concept under the Patent Law, but as one relating to the

general competition policy concerning inventions, a concept presenting the starting point or main principle for the regulation of monopoly. In fact, the more we consider the disclosure of an invention by filing an application to be significant as a purpose of the patent system, the more apparent it may be that trade secret protection is contrary to such purpose in some instances.

Yet, the Classical UK Patent Law, which placed weight on the use of an invention itself, gave no indication that the use of (entrance into) the patent system was a fundamental rule. Rather, under the Classical UK Patent Law, the patent system was regarded as an exception to the general prohibition of (the creation of) monopolies, so it could be said that the way of thinking is quite opposite.

This difference is considered to have resulted from the fact that the first-to-invent rule was adopted in the US Patent Law and thereby the concept of the public domain differed from that of the Classical UK Patent Law. More specifically, the US Patent Law may be deemed to have made a break with the concept taken under the Classical UK Patent Law which gave weight to existing business, by adopting the concept that the first inventor was the only one who could dedicate the invention to the public or could establish the public use, etc. of the invention which would cause the patent to lose its novelty (within the grace period). Under US Patent Law, the public use, etc. of an invention by persons other than the first inventor shall not be taken into consideration as a bar to obtaining a valid patent so long as such public use, etc. was made within the grace period, and therefore, the protection of such persons had been narrowed in comparison to the Classical UK Patent Law.

However, this merely means that a patent may be granted even if there was a prior user and the use of prior user may be prevented by the patent. Accordingly, it may be said that the inventor should file a patent application if he/she wants to avoid such risk, but not that it is unacceptable that an inventor, taking such risk, uses his/her invention without filing an application.

This view is reinforced with the difference in the protection provided by each system. It is a possible view that trade secret protection, as it does not require disclosure of an invention, is relatively weaker than patent protection, for example, trade secret law does not exclude independent (honest) inventors. If the protection available under the two systems were the same, the conflict between them would pose a more

serious problem, but as long as there is any difference in their effects, it is possible to view that the inventor is merely being offered multiple options and the inconsistency regarding disclosure is allowable.

Now, since we accept the coexistence of the two systems, it may result that an inventor should be allowed to choose either protection which seems more favorable in view of the nature of his/her invention, etc.: patent protection which is relatively stronger but has a time limitation, or trade secret protection which is relatively weaker but the monopoly continues as long as the invention is kept secret. Indeed, this choice itself has been accepted.

However, even if trade secret protection and patent protection could be chosen at will, the US Patent Law Prior to Reform took the view that once an inventor chose trade secret protection which did not accompany disclosure of an invention and therefore was unfavorable for the Patent Law, it was unacceptable any more that the inventor made a change to patent protection later. More specifically, this was the interpretation of Section 102(b) of the US Patent Law Prior to Reform whereby, if the applicant used the invention commercially prior to the filing, such use should be deemed to constitute "public use" or "on sale" and a patent could not be granted, even if the invention had not become available to the public and so was still new.

As illustrated above, in the US Patent Law, while the coexistence of trade secret protection system itself was admitted, within patent system, the use of an invention without disclosing it by filing a patent application was considered as essentially not being in accord with the purpose of the Patent Law. This way of thinking had an interpretive significance in the US Patent Law as a fundamental idea of the system. The emphasis on the interests enjoyed by the public through the prompt (public) disclosure of an invention, coupled with the view that the de facto extension of the term of monopoly should be avoided, formed the interpretation of Section 102(b).

IV Discussion

1 Addendum: Australian Law

Under the former law in Australia (Patents Act 1952 (Cth)), if an invention was secretly used by anyone in Australia before the priority date, such use constituted a ground for revocation of the patent (s.100(1)(l)).

In contrast, in legislating the current Act (Patents Act 1990 (Cth)), while s.100 (1)(l) of the former Patents Act were deleted, a provision equivalent to that providing so-called prior user right were established to protect prior users. In this point, the Australian Patents Act had an experience similar to that of the UK in revising the former Act into current one (Patents Act 1977).

On the other hand, Australia established a requirement for patentability which the UK current Act doesn't have. In s.18(1)(d) and s.18(1A)(d) of Patents Act 1990 (Cth), it is provided as a requirement for patentability that the invention was not secretly used derived from the patentee. The theoretical basis of this requirement is to prevent the patentee from enjoying a de facto extension of the monopoly period without public disclosure of the invention¹¹. This is the same view as indicated in the Classical UK Patent Law and US Patent Law Prior to Reform. As a result of the establishment of these provisions, with regard to a bar to patent, the Australian Patent Law is taking basically the same approach as the "double standard" approach under the case law in the US Patent Law Prior to Reform.

2 Comparison of the Three Laws

While the Classical UK Patent Law took the view that the prior use of an invention by an independent inventor or by the public should be protected, i.e. the right to work principle, its purpose was to avoid the de facto extension of the monopoly period in cases where a patent application had been filed after secret use. The former view may be concerned solely with the use of an invention by persons other than the applicant and the latter, mainly with the use of an invention by the applicant him/herself. So it is possible to view that Section 32(1)(l) of the UK Patents Act 1949 defined different secret use by different entities collectively as one ground for revocation of patent.

In contrast in the United States, as less emphasis was placed on the necessity for the protection of prior use by a third party due to the adoption of the first-to-invent rule, it was merely the general anticipation rule that was applied when it came to public use, etc. of an invention by a third party. On the other hand, there was the same view that a de facto extension of the monopoly period was to be prevented as under the Classical UK Patent Law. Rather, it may be able to say that US Patent Law sometimes emphasizes the significance of prompt application much more than those of

other first-to-file rule countries. Consequently, in cases where the applicant him/herself had used the invention commercially, not the general anticipation rule but a strict rule should be applied and the applicant came to lose his/her right to obtain a patent even if the invention were not available to the public.

The Australian Patent Law also inherits the view of preventing a de facto extension of the term of the protection as the tradition from the UK Patent Law. Once the inventor has chosen to use the invention commercially as a trade secret, he/she will not be allowed to later choose such invention to be protected by a patent, even if the invention hasn't been available to the public. On the other hand, with respect to the prior use of an invention by a third party, the Australian Patents Act provides a solution similar to that of the current UK Patents Act, i.e. "patent right on one hand and prior user right on the other," which contrasts sharply with the US Patent Law Prior to Reform.

3 Prevention of the De Facto Extension of the Term of Patent Protection

(1) The Consideration for the "Monopoly for a Certain Period of Time"

First of all, the view that preventing a de facto extension of the term of patent protection which is common to the laws of the three countries shall be examined. In this regard, taking into account the historical development of Patents Law in common law countries where the Statute of Monopoly, which was a codification of the rules of common law, prohibited monopolies in general but approved patents as exceptionally allowable monopolies for a certain period of time, a monopoly is merely an exception and thereby the approach of strictly controlling "monopoly for a certain period of time" may well be understood as natural.

Nevertheless, today's Patents Law (or the concept of absolute novelty) puts weight on the public disclosure of information of an invention itself through the filing of a patent application and places the concept of novelty (only) as an issue as to whether or not the information of an invention has been available to the public. Under such Law (or concept), only the "public disclosure of information of an invention itself" and the "monopoly for a certain period of time" are in an exchangeable relationship, and therefore, it would have to be said that whether or not there had been a de facto monopoly in the market of a "product embodying (utility of) an invention" is irrelevant to

the "exchangeable relationship" mentioned above. Moreover, it may rather be presumed that the concept of absolute novelty was introduced with the implication that such matter shall not be taken into consideration. Thus, it could be said that the UK Patent Law had no option but to delete Section 32(1)(1) of the Patents Act 1949, "secret prior use," in making an amendment to the Patents Act in 1977.

If this were the case, the Australian Patents Act which provides for secret prior use derived from the applicant as a bar to patent may be deemed as not adopting the concept of absolute novelty in a strict sense. In fact, there is an article which suggests that, unlike the UK, Australia has not been subject to external pressure to harmonize its patent legislation. Similarly, the US Patent Law Prior to Reform may also be deemed as not adopting the concept of absolute novelty in a strict sense.

(2) Compatibility with the Prior User Right

Under the Patents Laws of common law jurisdictions, in preventing the de facto extension of the term of patent protection, it is argued that once an inventor has exploited trade secret system, it is unacceptable that the inventor later exploits patent system in addition.

Leaving aside the pros and cons of such an argument, I should like to question whether such view is compatible with prior user right. Specifically, if it were unacceptable that "at first use of an invention as a trade secret and then patent monopoly" by an applicant him/herself, it would be similarly unacceptable that "at first use of an invention as a trade secret and then entry into patent monopoly based on statutory license without consideration" by a prior user. Or it might be much more unacceptable, as the prior user has not even filed an application by him/herself.

For this reason, the Classical UK Patent Law, which focused on the use of an invention itself and was directed straightforwardly against the mischief of the continuance of monopoly in the market of patented product regardless of who held the monopoly, sought to resolve this problem by simply invalidating the patent (not granting any patent).

On the other hand, the US Patent Law, which sought to grant a patent to the first inventor and therefore focused on the entity to obtain a patent, may be understood to have adopted an approach to avoid the emergence of any entity which will enjoy an unreasonably extended monopoly period by granting a patent to the first inventor on one hand and denying prior user right on the other.

If this understanding were correct, the "absence of prior user right" in the Classical UK Patent Law and US Patent Law Prior to Reform may be found to be fairly logical conclusion, apart from the pros and cons of these approaches.

Conversely, it is expected to be extremely difficult to provide a consistent explanation on the approach taken under the Australian Patent Law in theory.

4 Importance of (Public) Disclosure of an Invention

Next, I would like to examine the view of prompt (public) disclosure of an invention as particularly noted under the US and Australian Patent Law. Although this issue may basically overlap with the view of preventing a de facto extension of the term of patent protection, it seems to contain a different viewpoint to some extent. Therefore, separate examination has been made as follows.

First, it is indeed undeniable that the objective of US Patent Law "To promote the Progress of Science and useful Arts" (Article 1 Section 8 Clause 8 of the United States Constitution) shall be fully achieved only if a patent application is filed as promptly as possible after the completion of an invention.

However, if the novelty of an invention has not been lost even if such invention had been commercially used, there should still be social merit in having the information of the invention itself being publicly disclosed through the filing of a patent application. Nevertheless, if such invention were to be denied its patentability as a result of commercial use, wouldn't this be regarded as wasting the opportunity to have a new invention publicly disclosed?

In other words, as long as an invention has not been available to the public yet and so is still new at some point in time, it could be said that rather than make the criticism that "the invention should have been publicly disclosed much earlier" (and leading such invention to be continuously used as a trade secret), it would, to some extent, contribute to the prompt public disclosure of the invention to leave the possibility of filing a patent application for such invention by keeping it patentable, while setting aside the question as to how many applications would actually be filed in such situation. Yet, this issue may stem from the fundamental difference between the first-to-file rule and first-to-invent concerning the point of time for judging the promptness of public disclosure, and therefore, any discussion on this

matter may become a barren controversy.

While Patent Laws (on the first-to-file rule) in civil law countries concentrate on the issue of the nature of an invention as the object of patent right at the time of filing (lack of novelty), the Patent Law especially in the US or Australia focuses on the manner of the acts conducted by the subject (entity) claiming a patent right during the period from the (completion of the) invention until the filing of an application, and takes an approach to cause him/her to lose the right to obtain a patent, regardless of the fact that the invention as the object of patent itself is patentable.

Incidentally, as remarked above, under the UK and US Patent Law, it is sometimes argued that it is unreasonable to allow an inventor who has once chosen trade secret to make a switch to patent protection which may exclude even an independent inventor, after receiving any information that his/her competitor is about to succeed in developing the same art. Yet, it is not altogether clear as to how many patent applications are likely to be actually filed in such a situation. This argument should further be examined as to whether or not it is based on actual proof or if it is rather some sort of ideological arguments.

5 Conclusion

Finally, I would like to conclude this report by examining the significance that the concepts underlying the laws of the countries as studied above may have in relation to the Japanese Patent Act and prior user right.

First of all, as mentioned above in regard to the Australian Patent Law, there seems to be some degree of inconsistency in applying the legal system of prior user right while taking the view that a de facto extension of the term of patent protection should be prevented. Hence, in theory, it seems difficult to provide in the JPA that the commercial use of an invention by an applicant him/herself prior to the application should constitute a bar to obtaining a valid patent. However, as it seems, in the first place, that taking the view that the prevention of a de facto extension of the term of patent protection itself is unfamiliar to Japanese Patent Law, the needs to establish such a provision shall not unexpectedly arise unless there are requests from other countries for harmonization.

Secondly, also in terms of the concept of novelty which has been adopted in Japan, taking the view that a de facto extension of the term of patent protection should be prevented seems to be

difficult in Japan. If an invention is new at the time of filing, the public disclosure of the information of such invention and the monopoly for a certain period of time are in an exchangeable relationship, and therefore, it seems unnecessary and, furthermore, inappropriate to question whether or not the invention had been used commercially prior to the application. However, continuous studies are expected to be made on such points as to whether it is truly impossible to explain such a view as another bar to obtaining a patent and the strictness of the concept of novelty adopted in Japan.

Thirdly, the right to work principle provided in the Classical UK Patent Law is an interesting concept in relation to the prior user right provided in the JPA. However, the details of that principle have not yet been understood sufficiently, and therefore, further research is expected to be made by investigating this concept itself and the recognition of this concept under the current Patents Act. Moreover, the manner by which this concept should be understood in relation to the current system of the (public) disclosure of inventions through filing is a key issue as well.

Finally, the discussions made with regard to US Patent Law are also important in terms of the prompt (public) disclosure of inventions. Unfortunately, this report could only show the first step of the studies on the discussions on the relationship between patent system and trade secret system. Hence, I am expecting to advance this study further and eventually to work on the issue of the relationship between business itself which relates to the use (working) of an invention and the concept of property.

¹ *Bristol-Myers Company (Johnson's) Application* [1975] RPC 127 (HL).

² [1975] RPC 127, 154

³ *Merrell Dow Pharmaceuticals Inc. and Another v. H. N. Norton & Co. Ltd. and Others* [1996] RPC 76 (HL).

⁴ [1996] RPC 76, 86

⁵ *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516, 68 USPQ 54 (2d Cir. 1946), *cert. denied*, 328 U.S. 840, *reh'g denied*, 328 U.S. 881 (1946).

⁶ *W. L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1550, 220 USPQ 303, 310 (Fed. Cir. 1983), *appeal after remand* 842 F.2d 1275, 6 USPQ2d 1227 (Fed. Cir. 1988).

⁷ *In re Caveney*, 761 F.2d 671, 675-676, 226 USPQ1, 3-4 (Fed. Cir. 1985).

⁸ *Pennock v. Dialogue*, 27 U.S.(2 Pet.) 1 (1829).

⁹ *Andrews v. Hovey*, 123 U.S. 267, 8 S.Ct. 101 (1887).

¹⁰ *Kewanee Oil Company v. Bicon Corporation*, 416 U.S. 470, 94 S.Ct. 1879 (1974).

¹¹ *Azuko Pty Ltd v. Old Digger Pty Ltd* (2001) 52 IPR 75; [2001] AIPC 91-741; [2001] FCA 1079, at [180].