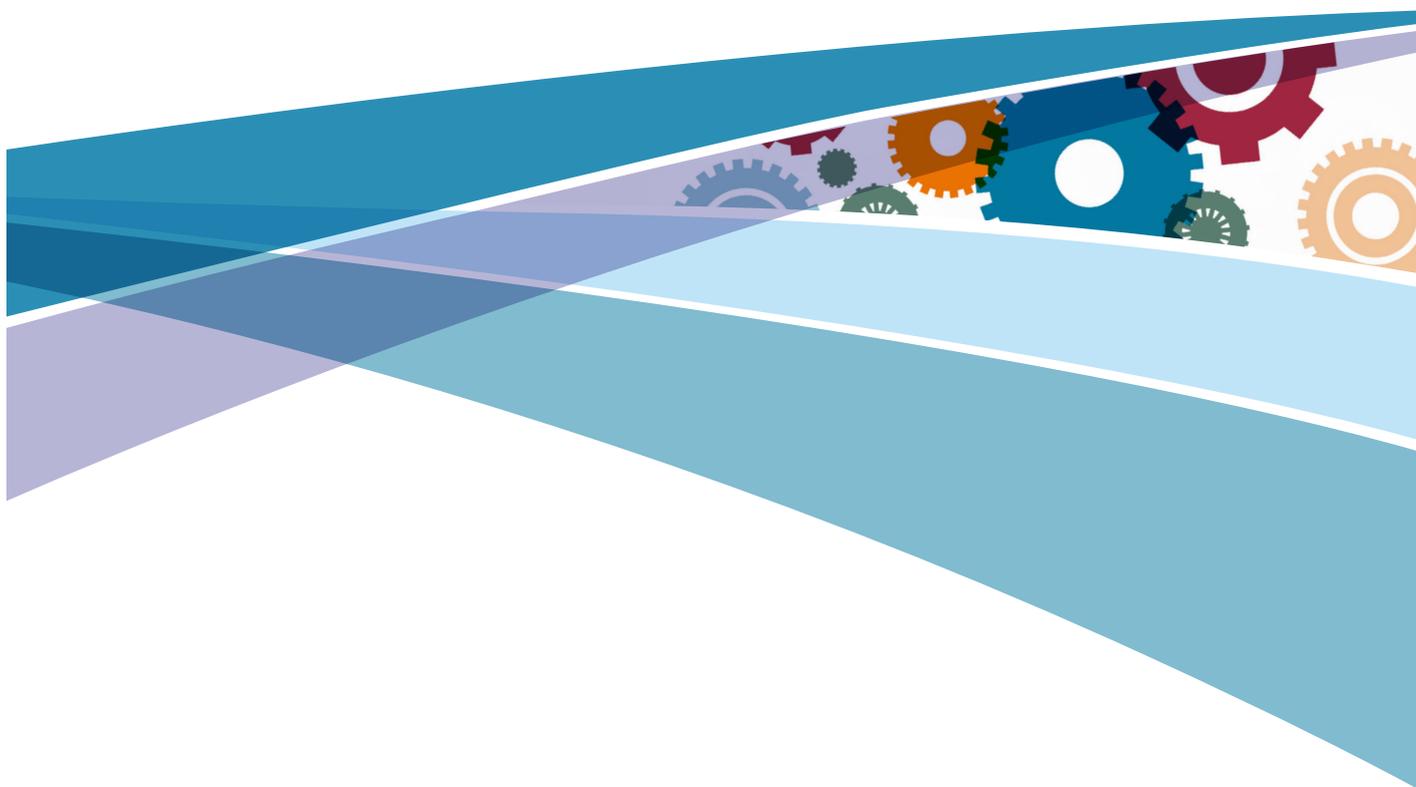




## Patent Harmonisation: US & UK Study on Grace Periods



Research commissioned by the Intellectual Property Office, and carried out by:

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*SPA Future Thinking*

This is an independent report commissioned by the Intellectual Property Office (IPO).  
Findings and opinions are those of the researchers, not necessarily the views of the IPO or the Government.

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The research outputs are the result of the IPO commissioned project and part funded by United States Intellectual Property Office (Ref: CT RES 02) awarded to SPA Future Thinking and carried out by Joy Mhonda and Carmel Corcoran.

The research was conducted among business in the United Kingdom (UK) and the United States (US). Participants included multinational businesses, academic institutes and IP law firms.

The objectives of the research were to measure:

Reliance on Grace Periods for UK and US business Perceptions of Grace Periods and views on how they can be aligned across different regions Likelihood of adopting Grace Periods and processes that need to be in place for effective implementation.

The results from the research are being used by IPO and other stakeholders to inform discussions on how the absence of harmonised Grace Periods are impacting UK and US businesses.

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Grace period a UK US Study Report 2015

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Any enquiries regarding this publication should be sent to:

The Intellectual Property Office  
Concept House  
Cardiff Road  
Newport  
NP10 8QQ

Tel: 0300 300 2000  
Fax: 01633 817 777

e-mail: [information@ipo.gov.uk](mailto:information@ipo.gov.uk)

This publication is available from our website at [www.gov.uk/ipo](http://www.gov.uk/ipo)

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# Executive Summary

The issue of harmonised patent laws is becoming more salient for patent offices and businesses alike. Grace Periods have recently generated much discussion with the America Invents Act adding to the debate. In order to build on their understanding of businesses' perceptions of Grace Periods, the United Kingdom Intellectual Property Office (IPO) commissioned an extensive programme of qualitative research among businesses in the United Kingdom (UK) and the United States (US). The United States Patent and Trade Mark Office (USPTO) co-funded the study as part of their ongoing collaboration of research into Grace periods with the IPO. The research explores the reliance on Grace Periods, perceptions on how well they work, the impact of inconsistent systems across markets and views on future implementation of Grace Periods in markets where they are not currently used.

The research consisted of 50 qualitative interviews split equally between UK and US businesses. The interviews were conducted between June and December 2014. The results from the research will provide the IPO and other partners like the USPTO with businesses' perceptions on this very topical issue.

## Use of Grace Periods

### **Use of Grace Periods is limited; very few multinational businesses say they have made use of them**

Businesses have very stringent procedures in place to protect intellectual property and to minimise disclosures which could undermine the value of their inventions. The limited use of Grace Periods stems mainly from the fact that most businesses filing patents are global and as such take a global overview when protecting intellectual property. Europe is an important market for most and the requirement for novelty of innovations when patenting means businesses would not be protected in this key market if they make a disclosure.

On the whole, UK businesses have reservations about using Grace Periods. However; they accept that they may have to work under a graced system should it be introduced in the UK and Europe. For most, it will be important that any system that is put in place offers clarity, consistency and is easy to interpret. Most UK businesses are familiar with the US Grace Period and perceive it as limiting. They tended to use the US Grace Period as a reference when evaluating how Grace Periods work and how they could work in the future. Both UK and US businesses highlight that the America Invents Act (AIA) provision of Grace Periods is ambiguous and is in need of some amendments.

US businesses are supportive of Grace Periods and believe that their implementation in other key markets like Europe will make them more usable. Businesses highlight that by making use of Grace Periods in the US, they are effectively ruling out patenting in Europe as the invention will no longer be novel. Currently the Grace Period is rarely used by businesses and on the rare occasions they do, it is for inadvertent disclosures.

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Most IP law firms in both the US and the UK indicated that they advise clients to fully protect inventions rather than be reliant on Grace Periods. They do not support the argument that small entrepreneurs benefit from Grace Periods as it gives them time to raise investment. There is a perception that investors have a greater preference for fully patented innovations as they have greater protection and a broader market base.

### **Academics stand out as the group most likely to have made use of Grace Periods**

Grace Periods are predominantly used by academic institutes; they also tend to have the highest level of inadvertent disclosures. Although many have put processes in place to protect inventions, there is often a tension between the need for academics to publish work and the desire for Tech Transfer departments to protect intellectual property.

There is a perception among some academics that their first duty is to expand knowledge and share information. However, in both the UK and the US there are financial pressures within academic institutes due to reduced funding from government. This shift is putting pressure on universities to have a more commercial approach to their inventions and it is likely this will reduce the number of inadvertent disclosures made.

Academics in the UK believe that a Grace Period is imperative for Europe as it will enable them to capitalise on their disclosed invention in this key market. Academics in the US also share this view and think that the introduction of a Grace Period in Europe would create a level playing field, as currently Europe benefits from the US system.

The propensity for disclosures among academics also has an impact on big business. Some sectors innovate in collaboration with academic institutes and their investment is therefore at risk because of disclosures. The availability of a graced system in Europe and other key markets would mean that there is greater protection for investors.

## **Harmonised Grace Periods**

### **If Grace Periods are implemented in other markets it is important that they are consistent**

Businesses in the UK prefer to make use of European patenting laws as the requirement for novelty ensures that staff generally work to the principle of never disclosing inventions before they are fully protected.

However, there is a consensus that if Grace Periods were to be implemented in Europe and other key regions it is imperative that they are consistent across markets.

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Businesses in the US believe that harmonised Grace Periods in Europe and other markets would be beneficial and would make the US Grace Period more valuable as they would have the ability to protect in multiple markets. A harmonised Grace Period is perceived as offering many benefits to businesses, it will:

- Offer a transparent system as inventors will work to the same principles and procedures across all markets
- Reduce patenting costs which will be particularly beneficial for universities and small and medium enterprises
- Give academic institutes and small businesses the ability to raise funds whilst still fully protecting innovations.

Businesses strongly believe that a harmonised system would need to be appropriately defined and offer clarity in order for it to be effective. Most, including those in the US, highlight that the Grace Period provision of the America Invents Act is in need of revisions; it is perceived as restrictive and limiting. Businesses, particularly those in the UK, also say the way it is currently defined stunts innovation as third parties can be put off continuing with an innovation and investment once there is a disclosure.

Most businesses are in support of a 12 month Grace Period term in line with the current US provision. Businesses in the US believe that the America Invents Act which changed from **first to invent to first inventor to file** was a significant move for the US in coming closer to the European system and other markets which use first to file patenting laws. Most US businesses believe that Europe should adopt a 12 month term and meet the US halfway.

There is a view that the implementation of a harmonised system would be a challenge as laws are difficult to change and bring into force. Political interest is also seen as a barrier, and most believe this will get in the way of effective harmonisation. Businesses strongly believe that any system that is put in place should be fit for purpose and free from political influence.

Most multinationals, academics and IP law firms acknowledge that implementation of a harmonised Grace Period would take a long time, with those in the UK highlighting the Unified Patent Court as an example of harmonisation taking a long time to implement.

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## Conclusions

Overall, there is very little reliance on a Grace Period among multinational businesses in either the UK or the US; most have a global outlook to protecting intellectual property. Utilising a Grace Period means inventions cannot be protected in some key markets including Europe. This has serious financial implications which run contrary to the business ethos. Similarly, IP law firms indicate that few small and medium businesses make use of Grace Periods and when they do, it is for inadvertent disclosures.

Academics have a collaborative mind-set and their currency is in publications and conference presentations; patenting is a secondary issue for them. They have the greatest reliance on Grace Periods as they permit them to reap some financial benefits from inventions at least in some markets following a disclosure. However, academics in the UK are beginning to be more commercially aware as government funding of universities and higher education institutes has changed and enterprise has become increasingly important. Similarly, in the US there is greater pressure for commercialisation, with some universities rewarding staff members who generate revenue.

Perceptions of Grace Periods differ between businesses in the UK and the US. Multinationals and IP law firms in the UK are broadly against Grace Periods as they are perceived to:

- Introduce a lack of clarity to the system
- Complicate the rules and processes for inventors
- Hamper innovation for third parties in competitive areas.

This said, there are some who feel a graced system in Europe would be beneficial as it would make Grace Periods more functional as there would be greater protection

Those in the US are in favour of Grace Periods as they are perceived to:

- Be fair for small companies and academics, enabling them to find investment to bring their product to market
- Facilitate collaborations between universities and business
- Align ungraced markets to the US thus making the use of Grace Periods more usable.

The core reason given by multinationals in the US for not utilising Grace Periods is the necessity to protect their products globally. If there were global harmonisation of rules and a new definition of disclosure then it is likely that in some instances businesses would take advantage of Grace Periods.

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Academics in both the US and UK are in favour of Grace Periods as this supports their collaborative ethos and facilitates finding the most appropriate licensees for individual products. Most do not have the funds to produce and market inventions themselves so the ability to generate interest for their inventions among investors is crucial. In both the US and UK, academic institutes are under considerable pressure to generate revenue as government funding has been reduced. This pressure is likely to lead to greater awareness of IP value and may result in the reduction of inadvertent disclosures made by academics.

There was no real support for the view that there are economic benefits for businesses utilising a Grace Period. Current interpretations in the US mean a company is at risk of a third party creating prior art if applications are not promptly filed.

Whilst there is agreement in the UK that if necessary they could support the adoption of a Grace Period, it would need to be harmonised and have clear definitions of what constitutes a disclosure. A term of 12 months was acceptable to both those in the UK and US.

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# Background

The IPO commissioned SPA Future Thinking to conduct a comprehensive qualitative research programme on Grace Periods and their use in intellectual property law. The research was co-funded by the USPTO as part of their ongoing collaboration of research into Grace periods with the IPO.

## Grace Period Definition

**A period of time, before a patent application for an invention is filed, in which the invention could be disclosed without its novelty being lost.**

Grace Periods are utilised in approximately 30 countries; most notably the US. European Patent Convention member states (including the United Kingdom) have no meaningful Grace Period to speak of. There is however a very limited grace period; only restricted to particular international exhibitions and evident abuse within six months prior to filing.

The rationale for the research stems from wider interest and debate around harmonisation of Grace Periods and other intellectual property areas in general. Grace Periods are also the focus of ongoing discussions and collaboration between the IPO and the USPTO. The availability and variation in application of Grace Periods is an important area for businesses and inventors; it is common across markets for a disclosure in another country to impact on novelty in their jurisdiction. For example, disclosing an invention in the US may allow a patent to be granted there, but will mean that a European patent for the same invention will not be granted on the grounds of novelty.

The variation in rules across markets can limit the commercial viability of innovations which are protected through use of a Grace Period. Furthermore, because of the differences, achieving a strong level of patent protection in a global market place can be a time consuming and costly process. While common principles exist in many countries, with Grace Periods the rules are not standardised. Table 1 below lists some of the countries that currently utilise Grace Periods and the term each country works to (a full list can be found in Appendix 1).

Table 1

	Country	Term
	United States of America	1 year
	Japan	6 months
	Canada	1 year
	Australia	1 year
	South Korea	1 year

The interest in harmonisation and Grace Periods has led to a number of other research projects including:

- A project by the European Patent Office, examining the views of firms on Grace Periods
- A US business led project which has focussed on the views of European academics and others
- A project by the Japanese IP Office on international comparisons.

## Research objectives

The IPO wish to get an understanding of the impact of using different systems in the US and UK and whether there are any positive or negative implications for businesses. The core objectives of the research were to:

- Identify the reliance on Grace Periods among stakeholders in the UK and US
  - Evaluate perceptions of Grace Periods as they stand and views on how aspects of Grace Periods can be aligned in the future
  - Identify the economic consequences of inconsistent Grace Period standards and how they affect businesses and universities in the UK
    - Economic benefits for businesses using Grace Periods
    - Benefits for businesses in the US (where there are Grace Periods)
  - Gauge openness to adopting Grace Periods in the UK and Europe and views on what needs to be in place in order to effectively implement.
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As well as exploring the broad objectives outlined above, the research also evaluated perceptions on how Grace Periods should work if they are to be implemented in other markets. Specifically it explored:

- Harmonisation of Grace Periods
- Suitable Term
- Definition of disclosure.

## Research sample

An extensive programme of qualitative research was conducted with IP professionals in the UK and US. The IPO chose a robust qualitative research programme to understand the underlying reasons behind businesses' support or opposition to Grace Periods. A total of 50 in-depth interviews were conducted across different sectors, with five in each country conducted face to face as way of piloting and refining the discussion guide and the remaining were carried out by telephone. The fieldwork ran between July and December 2014. The duration of face to face interviews was one hour and telephone interviews were between 30-45 minutes. A structured discussion guide was used to ensure specific topics were sufficiently covered.

The research targeted three types of business participants:

- Multinational businesses (in various sectors)
- Academic institutions
- IP law firms (specialising in various sectors and representing a broad range of businesses).

The research had a focus on gaining in-depth insight into the implications of Grace Periods. As such, it was not deemed appropriate to contact small and medium businesses directly as they tend to only occasionally file patent applications and would therefore have limited experience of differing Grace Period systems. It was considered that the views of this group could best be identified through attorneys at IP law firms. These firms are employed by a range of businesses to prosecute patent applications on their behalf.

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Table 2 below gives a breakdown of participating businesses by sector and country.

Table 2	United Kingdom 	United States 
Technology	4	4
Pharmaceuticals & Healthcare	3	3
Engineering	3	1
Academia	4	6
IP Law firms	6	8
Manufacturing	3	2
Energy	1	0
Agriculture	1	1
<b>Total</b>	<b>25</b>	<b>25</b>

All sample for the UK was provided by the IPO and all UK participants received an introduction letter from the IPO. The letter informed the businesses of the research and introduced the types of topics that would be included. For the US, sample was provided by the IPO and additional sample was drawn from the USPTO website where IP professionals taking out patents are publicly listed. An introduction letter was sent to all contacts on the IPO US list.

Throughout the report, the perceptions or behaviours shared by all research participants (multinationals, academic institutions and IP law firms), are collectively reported as views of **businesses**. Where the report highlights differences by group these are specifically referred to by the broad grouping (multinationals, academic institutions and IP law firms).

The findings represented in this report are not representative of the views of all businesses. However, they offer invaluable in-depth insight into perceptions and experiences of a cross-section of businesses. The views of IP law firms are based on their experiences of representing a broad range of businesses. Where views reported are specific to small or medium sized businesses these are highlighted.

The report incorporates findings from both the UK and US and highlights where there are differences. Anonymised quotations are used throughout the report to add context.

# Main findings

This report is based on the research findings from UK and US multinational businesses, academic institutions and IP law firms who participated in the Grace Periods research.

## Context

The sample for this research consisted of multinational organisations from a range of sectors, universities; including those at the fore-front of innovation and law firms specialising in a range of sectors. Small and medium sized businesses were not included in the sample as most do not have specialists IP departments in-house but instead utilise the professional services of IP law firms among other IP professionals.

## Businesses

Multinationals are aware of the value of IP and have very rigorous procedures in place to safeguard their inventions and other IP, with most using non-disclosure agreements to ensure that employees do not compromise assets. As standard, employees are expected to adhere to set documented procedures and policies which ensure that IP is protected. Most have ongoing training procedures in place to encourage good practice.

Multinationals also tend to have IP departments with IP lawyers and other experts working closely with inventors to ensure that patents are filed at the optimum time and the right type of protection is taken. Naturally, the route to invention and patenting varies by organisation; however the use of standardised forms to record inventions is widespread. This formalised process is often the beginning of the innovations to patent selection process. Most have a process whereby inventions are put before a committee with representatives from both technical and commercial and legal departments who review the potential of the inventions and decide which ones to take forward with a provisional application.

“We have a policy for Code of Conduct of how we expect our staff to behave themselves, colleagues and also our visitors and within that, we always make intellectual property a priority. Most people are very aware of where our high value is and they do have this fairly detailed strategic understanding of why IP is important.”

Multinational - Energy (UK)

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Disclosure of inventions is taken extremely seriously as this can have huge financial costs and a negative impact on a company's competitiveness. The very rigorous processes that are put in place ensure that disclosures are minimised. Multinationals generally have the resource required to ensure that IP is adequately protected. There are usually induction and training programmes for new staff and regular updates and communications regarding IP to ensure it is top of mind for all staff. It is common for IP lawyers to work closely with inventors, and in some cases they are part of the RD team.

"Our organisation has an interface between the technical organisation and the legal organisation to help shepherd through inventions that are made in the lab into our legal processes to secure intellectual property protection for those inventions."

Multinational - Manufacturing

"Our inventors wherever they are in the world are trained to use a single electronic tool to record what we call an invention disclosure and there is a template they complete which requires them to give information on what they consider the invention to be."

Multinational - Healthcare (UK)

## Academics

Smaller businesses and academic institutes do not always have the resource to ensure that inventors work closely with IP experts which may lead to the inadvertent disclosure of inventions. Academic institutions generally have limited resources and as such do not tend to have dedicated IP attorneys in-house. Instead they have staff that are usually based in Tech-Transfer departments who support academics with their inventions and put processes in place to encourage protection. Other academic institutions have formed partnerships with specialist innovation processing companies, and by doing so have brought in specialists to handle their IP.

"University professors [and] researchers, are free agents essentially. They work on stuff and they publish at their own discretion and there's no requirement either, there's no way to require that they bring something to the Intellectual Property Committee before they publish."

Academic institute (US)

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In the US some universities indicated that they do not have a specific policy on IP; so decisions on patenting are made on a case by case basis. Some universities specifically just target the local market unless they find licensing partners willing to target other markets.

Across both the UK and US, there is a consensus among all participants that it is difficult to protect inventions appropriately within academic institutions. Most academics work on their inventions independently of the Tech-Transfer departments and it is not uncommon for departments to learn about an invention just before an academic is about to publish or present at a conference. There is an acknowledgement that academics have a different mind-set and their priority is to publish work which can be at the expense of ensuring that the innovation is appropriately protected.

“There are 3,000 or 4,000 researchers and eight of us, so we do pretty well but there’s just no way you can police everybody going on conference.”

Academic institute (UK)

Within the UK, there have been some substantial changes to the funding of universities and there is now a greater focus on generating income. There is a view that patents are becoming more valuable than publications as academics can use this as leverage in the competitive job market. Similarly, some institutes in the US have seen a reduction in funding for research from federal government. There is now a greater emphasis on seeking out licensing partners who will take an invention from its infancy to commercialisation. More US academic institutes are rewarding staff who have a business focus and generate revenue.

This shift in both the UK and the US is beginning to change the way academics view their inventions and is likely to reduce the number of inadvertent disclosures made.

## Perceptions of intellectual property laws

### Businesses

Multinational businesses operate within a global market and therefore have a strategic overview of IP that takes all markets of interest into account. This global overview means that there is little reliance on Grace Periods as businesses do not wish to limit their ability to patent in key markets without a Grace Period, particularly Europe.

“In the case of my company, we sell products and services in almost every country in the world, so we have an interest in protecting our innovations in almost every country in the world...”

Multinational - Technology (US)

Within the UK, most multinationals are content with the current patenting processes and laws. Similarly, UK IP law firms also believe that UK laws are sufficient and therefore fit for purpose. Both Multinationals and IP law firms acknowledge that intellectual law is complex, however they understand and are familiar with the processes and there is a belief that the system works well. Most multinationals have invested heavily in promoting ‘good practice’ and employees understand that disclosures can have a significant financial impact and can impact the ability for an organisation to be competitive particularly in fast moving sectors.

US based multinationals and IP law firms are equally content with most of the intellectual property laws with which they have to adhere. Like their UK counterparts, they are concerned with avoiding disclosures at all costs. Very few make use of Grace Periods and they are only used on rare occasions and usually when there is an inadvertent disclosure. This said, US multinationals and IP law firms are not against Grace Periods as they have worked with them for a number of years. However, they perceive them as limiting as not all key markets make use of them.

Although there is very limited use of Grace Periods in both the UK and the US, most have a very good understanding of how they work. There is a general consensus that Grace Periods can be a useful tool for accidental disclosures; however the need to market products globally means they are not a viable option for most businesses.

IP law firms in both the US and UK highlight that they advise all clients, including small businesses to avoid disclosure and only to look at using Grace Periods for inadvertent disclosures.

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## Academics

Academic institutes in both the UK and the US also acknowledge that it is best practice to protect inventions fully and on the whole they strive to work to this principle. However, there are some challenges in managing the innovation to patenting process as universities tend to be large with some academics working in silos. In some cases the Tech Transfer departments have no visibility of what is being developed so are unable to take out the necessary IP protection proactively at the optimum time.

Historically, academics have generally focused more on the innovation and the development and nurturing of the idea and less on the value and commercial aspects of their inventions. Inherently, academics have a desire to share their ideas with contemporaries allowing them to get feedback and to fine-tune their inventions. Reported use of Grace Periods is highest within academic institutions.

## UK perspective on Grace Periods

Generally, UK multinationals, academics and IP law firms believe that Grace Periods are only a small part of wider harmonisation that is required internationally. There is a view that if general intellectual property laws were harmonised, it would be beneficial for businesses as it would be cheaper and simpler to file patents. Some believe that the discussions around harmonisation should go beyond Grace Periods.

“I think my view is we don't like Grace Periods. They really disrupt a lot of the way that we do business, add a layer of complexity. If other countries decide to extend their Grace Period it won't change the way that we view it in terms of still an added layer of complexity that we would rather not existed.”

Multinational - Manufacturing (UK)

UK participants are generally well engaged with IP and many highlight that the issue of harmonisation is becoming more topical and is being discussed at the various IP business events they attend. The changes to the America Invents Act is perceived by some as pushing the issue of Grace Periods and harmonisation to the top of the IP agenda.

Within the UK, there is a strong sense among multinationals that Grace Periods may encourage disclosures as employees may feel that if they disclose, the invention can still be protected. Some believe that moving away from stringent laws that offer full protection may undermine the rigorous procedures they have put in place and instilled among their employees to protect inventions.

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On the other hand, there are some multinational businesses who are supportive of Grace Periods and believe that a harmonised system would bring a lot of benefits. Similarly, all UK academic institutes participating in the research are in support of a graced system. A notable number of participants highlighted that their personal views on Grace Periods had shifted; and were now on balance more supportive of them. Generally these organisations now see some benefits that could be realised from markets working to a common system. The increase in the number of countries now utilising Grace Periods is also perceived as adding traction to the implementation of Grace Periods in Europe.

“My own personal view and I think I said upfront that I think this is a Marmite® topic, that people either love it or hate it. I think there are quite entrenched views. I think it would be beneficial to have [Grace Periods] but I think it’s got to be implemented with clarity of use. I don’t want to see a half-baked proposal come in where people are sort of saying ‘Well where do we stand?’”

Multinational - Healthcare (UK)

“Until people have really assessed their own viewpoint on it they might be surprised as to what answer they come up with. Because five years ago or so people asked me about Grace Periods, before America changed as much of their stuff as they had and I would probably have been ‘oh yeah grace periods are negative’ and thought of them in a negative light until I really thought how actually they could be of benefit.”

Multinational - Technology (UK)

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## US perspective on Grace Periods

Multinationals in the US are very much like their counterparts in the UK; they have a focus on protecting inventions in order to maximise their investments and to maintain a competitive advantage. Although the US has Grace Periods, multinationals highlight that they operate within a global market and therefore need to be strategic about how they protect their inventions.

“The advantage of using a Grace Period it’s only a safety net. It is rarely used. No-one relies on the Grace Period here in the US. Nobody says, oh I don’t have the money to file a patent application right now, let’s just disclose ...”

Multinational - Technology (US)

Multinationals highlight that use of Grace Periods would mean they are unable to protect in markets that are not graced. They indicate that they operate from a position of not having a Grace Period and generally work to the requirements of the most stringent market they are targeting. Similarly, most IP law firms generally advise clients to protect inventions fully rather than rely on Grace Periods and believe that a Grace Period should be perceived as a safety net.

Academic institutes on the other hand are more reliant on Grace Periods and some reported that they have a substantial number of inventions that have been graced. This reliance is in part due to the fact that some accidentally disclose; however there are some who do not have processes in place to protect IP and almost accept that they will rely on Grace Periods.

Although the use of Grace Periods is very limited among US multinationals and IP law firms, most are supportive of the system.

While support for Grace Periods is strong particularly among academics, there are some concerns about some of the definitions since the move to **first inventor to file** system. Principally, businesses feel there is ambiguity around what constitutes a disclosure and what is subsequently graced as a result of the disclosure.

Although there are some reservations around Grace Periods as currently implemented in the US, US participants feel that there would be advantages gained from Europe adopting Grace Periods as it would expand their value. Currently, there are only limited advantages as they would only be able to use them in the US and other graced markets. Europe is perceived as a key market and the use of Grace Periods in the US effectively excludes patenting in this key market.

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Some participants believe that the lack of a consistent Grace Period across all markets adversely impacts small businesses and academics. They highlight that multinationals have best practices in place to minimise accidental disclosures and the absence of Grace Periods impacts those who have a greater likelihood of making an accidental disclosure (small businesses and universities). There is a view that a consistent Grace Period across markets will result in greater protection for those who are most likely to make mistakes.

A high number of US participants regard the move from **first to invent** to **first inventor to file** as a limitation of the America Invents Act. The need to be explicit about the invention during disclosure is seen as a particular drawback.

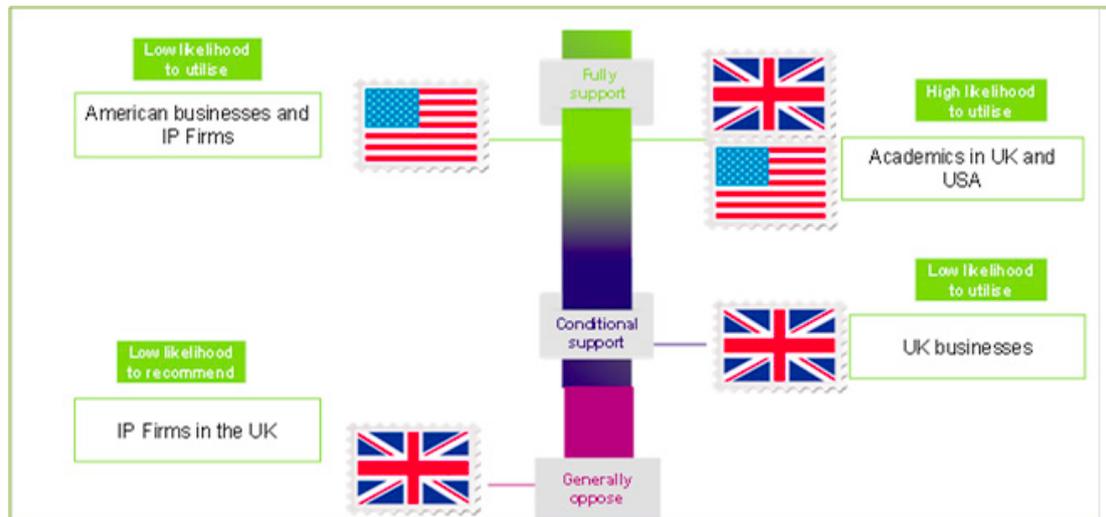
Many highlight that there are always developments between a disclosure and what is eventually filed. Grace Periods as they currently stand in the US only protect the elements of the invention that are highlighted in the disclosure. However, in some instances, what is eventually filed may be a variation of the initial disclosure therefore may actually not be covered by a Grace Period as iterations of the invention would not be graced. This is perceived as a drawback of the system.

## Summary of Support for Grace Periods

Generally, support for Grace Periods is high among US based businesses and academic institutions. UK academic institutions are equally in favour of Grace Periods while support among businesses is conditional. Figure 1 gives an illustrative view of support or opposition to Grace Periods:

- Academic institutions in the UK and the US are all supportive of Grace Periods and are the most likely to make use of them
  - US businesses and IP law firms are generally in support of maintaining Grace Periods; however use is very limited
  - UK businesses are generally in favour of staying with the current patenting system (although there are some supporters). If a Grace Period were introduced they would support it but only if certain reassurances are put in place
  - IP law firms in the UK, are generally opposed to Grace Periods and even with reassurances few highlight advantages.
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Figure 1-Support of Grace Periods



## Current use of Grace Periods

Grace Periods are mainly seen as a recovery tool to be used after a disclosure has been inadvertently made. Businesses in both the UK and the US agree that having Grace Periods allows innovators to realise at least some benefit from their inventions after accidental disclosure. In the US, most participants referred to Grace Periods being in place to protect small inventors and academics.

Although the use of Grace Periods is limited, there are a small number of multinationals that strategically utilise them. Invariably, they are utilised when an invention will only be marketed in the US. Using Grace Periods for products that have a 'local' focus allows the business to fine tune the product while also generating interest for it by openly talking about it.

## Academics

In both the UK and the US, academics are supportive of Grace Periods and of all groups represented in this research are the most likely to have made use of them. Grace Periods are not typically used as a strategic tool, most use occurs after an accidental disclosure or when there is no time to file a patent application before disclosing the invention, for example, when the Tech Transfer department learns of the invention just before an academic publishes.

While the Tech Transfer departments within or those in partnership with universities are advocates of fully patenting inventions, they acknowledge that managing the process is challenging. Academics work within a culture of sharing ideas with peers and often the push to protect fully first is perceived as stifling innovation. Although most institutions have put in place IP awareness initiatives targeted at academics, inadvertent disclosures still occur.

In universities the primary role is to disseminate knowledge so faculties take that role seriously and so they will a lot of times publish before they think to contact me about how we might be able to protect their inventions.”

Academic institute (US)

Institutes acknowledge that it is in their interests for innovation to thrive including through sharing papers; however they would rather the appropriate protection is put in place first to ensure that the inventions are protected and are still commercially viable.

“I think there are disadvantages to this [Grace Periods] but on balance there's more advantages. The only thing is I'd have to rip up my rule book ...change my whole training programme for academics here.

Academic institute (UK)

Academic institutes support Grace Periods as they allow them to capitalise on an invention in the US or other graced markets after a disclosure. This is not a favoured route as it limits the number of markets in which the invention can be protected; however it at least offers some protection. Furthermore, like multinationals and IP law firms, there is a belief that some revisions to the AIA are required. This said, the ambiguity of the law can work to their advantage when there are litigations.

“I mean for us it’s difficult because we often sit down and talk about whether or not something really counts as a disclosure because the definition is rather vague, but from a litigation standpoint you always want things to be vague, you don’t want them to be clear.

Academic institute (US)

The higher than usual (inadvertent) disclosures within universities have some wider ramifications as they sometimes work with commercial partners.

- Universities generally license their inventions and disclosures can impact the desirability of the invention to the licensing business. Currently, protection would only be limited to the US and other target markets that may have a Grace Period like Canada, Australia and Japan. Fundamentally, disclosures exclude key markets in Europe thus limit the value of the invention for investors
- While multinationals acknowledge the challenges that academics face around the need to publish inventions, they have concerns as they are increasingly working in collaboration with universities. This closer working may mean that businesses end up exposed to disclosures which will impact their investments. The availability of Grace Periods will at least mean that they can still claw back some of their investment.

Overall, academic institutes believe Grace Periods are beneficial; and they would be of even greater benefit were a harmonised system to be introduced.

“And the other is when we're collaborating with other parties, other companies or universities it's obvious that under those circumstances publications that come from their members of staff may not necessarily follow through our process... but that is obviously an area where we may end up with slightly higher risk scenario.”

Multinational - Pharmaceuticals and Healthcare (UK)

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## Multinationals

It is interesting that although the businesses participating in the research are multinationals, the country where they are based is an important factor in whether they fully support or oppose Grace Periods.

Multinationals in the US are fully supportive of Grace Periods (although there are some concerns around the AIA definitions). The consensus among US businesses is that Grace Periods are beneficial, particularly so for SMEs and academic institutions. However, they highlight the greatest limitation as the fact that key markets like Europe do not currently operate to the same system which limits their usefulness.

Those in the UK are broadly opposed to Grace Periods, as there is a general perception that the current laws work and a fear that the introduction of a Grace Period will result in uncertainty. This said, some, albeit a few, identified some advantages and would be happy to work with a Grace Period in Europe.

Essentially, businesses are happy to work in the environment in which they currently operate. This suggests that familiarity may be in part driving perceptions. Furthermore, they will have efficient processes in place to deal with IP laws in their region and a move away from the status quo is likely to be disruptive and costly; at least initially.

Fundamentally, multinational businesses in both the UK and the US work to the same principles of fully protecting inventions. As most inventions are targeted at a global market generally businesses tend to operate as if Grace Periods do not exist and work to the most limiting laws.

“Our current approach which is to find what we think is the most restrictive system which is the absolutely novelty of Europe and work as though that were across the world system. We work towards the most restrictive.”

Multinational - Technology (US)

Businesses in support of Grace Periods think they could bring some benefits as a disclosure would not limit their ability to protect their inventions across various markets. This is not to say they would change their strategies on IP; the principle of protecting first would still take precedence but the ability to grace inventions across markets would provide greater flexibility and ensure that they are still able to capitalise fully on their inventions in the event of a disclosure. Similarly, multinationals who collaborate with academics would still have the ability to recoup some of their investments.

“I think the upside is that if somebody does disclose, you haven’t lost the case...Whilst you may not have given away the Crown jewels, you will certainly have given away some licensable or protectable value.”

Multinational - Energy (UK)

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A few businesses in the US highlighted that European businesses unfairly benefit from the US Grace Period. European businesses can disclose in Europe and can still take advantage of the Grace Period in the US. There is a belief that the changes made by introducing the AIA have tried to redress some of the unfair practices; previously, companies operating from Europe and other jurisdictions could grace an invention that was actually patented and being marketed in elsewhere. However, in redressing the loopholes and unfair practices, the definition of disclosures is now too narrow.

There is a strong sense among multinationals within the US that Europe should adopt a Grace Period. Such a move is perceived as creating a level playing field; with the US also able to benefit from a European Grace Period.

## IP law firms

IP law firms are an important resource for small and medium businesses and academic institutions that do not always possess the funds to have their own in-house IP departments. They also work with big businesses as an additional resource as and when required. Firms in both the UK and the US encourage clients to protect fully and very rarely advise the use of Grace Periods as a way of protecting inventions.

“I think if we were going to use Grace Periods in that kind of way to routinely use rather than very much as a back-up option then you really would need there to be harmonisation of grace periods across at least the main jurisdictions.”

IP law firm (UK)

IP law firms in the UK are generally opposed to Grace Periods. In their current state, they feel they are expensive for clients, mainly driven by the fact that those countries that utilise them all have different definitions and the term is not consistent. While some acknowledge that a harmonised system may go some way towards making the use of Grace Periods easier, the general consensus is to advise clients to patent inventions.

Although support of Grace Periods is limited among UK IP law firms, if they were to be implemented they feel it is important that they are harmonised.

The UK television show *Dragons' Den* is referenced by IP law firms as well as multinationals. Firms highlight the fact that when a small business approaches potential investors the first question is nearly always *'have you got a patent'*? They believe that investors want to be able to capitalise fully on any investment and having an invention that is only partially protected is not perceived desirable.

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In the US, while IP law firms are not opposed to Grace Periods, they would only advise a client to make use of them if there had already been a disclosure. Some US IP law firms report that advising a client to utilise Grace Periods in any other circumstances is as good as malpractice.

The reluctance to advise clients to make use of Grace Periods is borne out of perceived limitations of use:

- Grace Periods are perceived as limiting as protection cannot be gained for the markets that do not currently use them (principally Europe)
- Belief that post AIA Grace Periods in the US have been weakened and few businesses are making use of them.
- The current definition of a disclosure is very narrow as it needs to be very close to the final filing.
  - This can leave businesses exposed as a competitor can effectively claim for a similar idea.

“So what would work well would be if each country adopted a Grace Period that permitted this disclosure of the invention or reasonably close subject matter to it. Right now I don’t think the US grace period is very good because no-one’s able to use it because the disclosure has to be identical to the end claims.”

IP law firm (US)

While US IP law firms highlight limitations with current Grace Periods, there is however a general consensus that they should be maintained and amended to make them more useable for businesses. IP law firms also believe that a harmonised system would be beneficial to businesses.

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## Complexities of Grace Periods

Some participants, particularly multinationals and IP law firms believe that Grace Periods can hamper innovation. The Grace Period in the US is for a period of 12 months and once a disclosure is made, the inventor has up to 12 months to file a patent application for their invention.

They highlight that learning of a disclosure can limit third parties from continuing with their inventions. Some businesses argue that if a third party learns of an innovation that is close to an area that they are developing then they may be reluctant to continue with their invention and investment as they will have no sight of which part of the disclosure will be protected through use of a Grace Period, or indeed if the invention will be patented at all.

Another highlighted concern is around organisations taking out patents which may actually be invalid as the invention could have been already disclosed (by another organisation or individual) and therefore would be protected under Grace Periods. Businesses, particularly those in the UK believe that these complexities around Grace Periods stunt innovation.

“It's not whether I can patent it if someone else has disclosed it's whether I can bring my product to market. So if I see that a competitor has published something early when I've developing in my lab something which is not too dissimilar can I bring it to market or not, is there a patent in the way.”

Multinational - Technology (UK)

Third parties would be reluctant to continue with their inventions as they would have no clarity on whether it makes commercial sense. This is a particular issue for highly competitive and very fast moving sectors like technology where it is not uncommon for competitors to be innovating in the same areas.

“I am in favour but I don't underestimate the importance of considering these issues, the coherence and overall complexity of the system and third party rights.”

Multinational-Pharmaceuticals and Healthcare

Businesses believe it is important that the definition for Grace Periods has greater clarity on the position of third parties. This is important as the perception is the current US Grace Period sometimes obstructs third parties from continuing with their inventions and investment which stunts innovation and competitiveness.

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US participants feel the Grace Periods **first inventor to file** principle could lead to unfair practice as competitors could file an application for an invention very close to that disclosed thus making the original invention redundant.

## Perceived impact of Grace Periods for US

It is hypothesised that by virtue of the US having a patent filing application system that is graced, US businesses have an advantage over their counterparts in countries that do not have Grace Periods. To test this hypothesis, businesses in both the UK and the US were provided with three different perspectives around the benefits of Grace Periods in the US:

- Perspective 1 - In the US, it has been argued that the Grace Period helps secure finance and allows the sale of licences
- Perspective 2 - In the US, it has also been argued that the Grace Period has led to an “agile market” where ideas can be market tested and subsequently improved
- Perspective 3 - Again in the US, it has also been argued that the Grace Period has led to particular advantages to the pharmaceutical market, where drugs need to be tested.

For each perspective, businesses they were asked whether:

1. They agreed (or disagreed) that this has been the case in their organisation and more generally (US companies only)
2. They agreed (or disagreed) that this was true and whether they thought this gives the US an advantage over non-US inventors.

Overall, few businesses in either the UK or the US view the US as having a competitive advantage as a result of Grace Periods. Again most highlight the global environment in which they operate as giving investors, regardless of where they are based, the freedom to take advantage of the US Grace Period.

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## Perspective 1

In the US, it has been argued that the Grace Period helps secure finance and allows the sale of licences:-

- Generally, US multinationals reject the idea that a Grace Period helps secure finance and allows the sale of licences. Most have the financing they require for both the development and marketing of their inventions
- Similarly, UK multinationals believe that global companies tend to have funds therefore do not have a need to raise funds. Some in the UK believe that if a business is having to rely on a Grace Period to finance inventions it is not running its business effectively
- Businesses in both the UK and the US agree that smaller enterprises may find the ability to raise funding beneficial so may make use of a Grace Period to allow for this. However, there is a view that investors are generally reluctant to finance inventions that have been disclosed as this limits the number of markets they can market the product
- IP law firms indicate that they would generally discourage clients from utilising such a strategy to raise funds as it limits the potential value of an invention

“My personal view is if people came to me, having relied on a Grace Period to get their funding in place, I'd be saying that they're not managing their business correctly, and that they should have a much better strategy for protecting their innovation rather than relying on something which is US only.”

Multinational - Manufacturing (UK)

- Academic institutes in the UK agree that the US Grace Period helps to secure finance and allows the sale of licences. Most institutes are reliant on licensing their inventions and perceive the ability to raise funds as fundamental to their ability to bring their ideas to market
  - In the US academics believe that they have benefited from the US having Grace Periods. Some indicate they would be unable to bring inventions to market without licencing partners and Grace Periods give them the flexibility to be able to do this. It is worth noting that a high proportion of inventions are targeted at the local market unless a licensee wishes to fund patent applications internationally
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## Perspective 2

In the US, it has also been argued that the Grace Period has led to an “agile market” where ideas can be market tested and subsequently improved:

- Very few believe that the US market is more agile as a result of Grace Periods. Again there is a consensus that any business can take advantage of the US Grace Period regardless of where they are based. There is a view that market agility would only be realised if the rest of the world had a Grace Period

“As soon as their competitors find it they're going to be running off to try to either duplicate that and get it on their own, or improve upon it.”

IP law firm (US)

- Some US and UK IP law firms believe that Grace Periods introduce risk and should only be used as a safety net and therefore would not lead to an agile market.
- A few agree that using a Grace Period may allow a business to market test their product, however, there is a risk that competitors may get sight of the invention and actually improve it so the gains from relying on a Grace Period would be short lived.
- Academics, although in support of Grace Periods, also acknowledge that openly market testing would expose them to risk as others can patent a modified version of their invention

“One of the risks of having a Grace Period is that you start talking to people, they improve upon it very quickly and suddenly what you've come up with isn't the best solution and they patent the better solution.”

Academic institute (UK)

- Businesses also raised some concerns around increased litigations which would arise as a result of similar inventions being patented

“I think this comes back to preferring simplicity and certainty. I can follow the argument but what I can see is it generating an awful lot of litigation about whether and to what extent the subject matter of any subsequent patent is the same as what was tested and when was it done and so on.”

Multinational Technology (UK)

### Perspective 3

It has also been argued that in the US the Grace Period has led to particular advantages to the pharmaceutical market, where drugs need to be tested:

- Few businesses believe that the pharmaceuticals industry benefits from Grace Periods as they would have the ability to test drugs, should this be required. The general view is that the pharmaceutical industry makes very substantial investments on inventions and not fully protecting would be risky.

“So having a Grace Period would make it easier for you to conduct clinical trial; again any lawyer we consult would recommend if at all possible to file before you begin any work (and) potentially enter the public disclosure.”

Multinational - Pharmaceuticals and Healthcare (US)

- Similarly those within the pharmaceutical sector did not see how they could easily capitalise on Grace Periods. They highlight that clinical trials take a long time and a Grace Period would not be sufficiently long to offer an advantage.
- However, a company highlighted that a Grace Period may be beneficial if an invention occurs during a clinical trial as they would be able to grace the invention.

“Well again not in the way that we conduct our business. You can't decide oh I think I'll run a clinical trial and administer the compound to the patient the next day, it's a process which takes a lot of preparation. So within our practice it's not something which gives rise to a necessity to rely on Grace Periods as a matter of course.”

Multinational - Pharmaceuticals and Healthcare (UK)

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## Harmonised Grace Periods

Grace Periods as they stand have limited appeal as they are not recognised in all countries. The inconsistency across markets is perceived as the principal barrier to their effectiveness. A business using Grace Periods in the countries currently utilising them is faced with different terms and disclosure requirements. These differences are complex and inevitably costly to businesses in legal fees.

With Europe operating without a Grace Period, inventors are not able to capitalise on their invention fully in this key market if they rely on a Grace Period elsewhere. Furthermore, the US which is the largest market is seen as having a Grace Period that is inadequately defined.

Some believe that if other markets adopt Grace Periods without a degree of harmonisation it would add further layers of complexity and inconsistency such that it would be more beneficial not to implement.

“Well as long as they are consistent. The worst thing would be to have different Grace Periods in different countries of the world. It would be better to have no Grace Periods than have to worry about differences. If Grace Periods were defined differently, we would probably revert back to what we do now which is if there’s a publication, just forget about it.”

Academic institute (US)

## UK perspective on harmonisation

Most multinational businesses in the UK are not fully supportive of Grace Periods. However, they acknowledge that they must work within the confines of the law and if Grace Periods were introduced they would accept them. Nearly all agree that if they are introduced in Europe, it is important that they are harmonised. A harmonised system is perceived as making Grace Periods more transparent and effectively more useable as businesses would be able to protect their inventions across all key markets.

“Well, again coming from a global perspective, patents would have more certainty if the same rules are applied across the regions where you may want to practise. That’s really primarily the main advantage; that everybody is working to the same principles; the same common rules, instead of having regional variations.”

Multinational - Manufacturing (UK)

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Principally, a harmonised system would need to deliver:

- Alignment of the definition of disclosures
- Alignment of the term of the Grace Period.

In the UK, businesses generally believe that if Grace Periods are to be introduced to Europe, they should be closely tied to the system used in the US. Most acknowledge that as the US has recently implemented the AIA it is unlikely that they would be willing to change to a system that Europe may adopt. This said, tying to the US system is conditional. The current definition of US Grace Periods is perceived as ambiguous and lacking in clarity therefore it will be important for it to be amended before any harmonisation. Businesses strongly believe that their focus should be on innovation and not on interpreting complex laws.

Although UK IP law firms agree that a harmonised system will bring some benefits to academics and small businesses, there is a view that Grace Period laws will be complicated and difficult to interpret.

## US perspective on harmonisation

US businesses are supportive of Grace Periods and a harmonised system. Most believe that as Grace Periods are already part of US patenting law, it would be sensible for Europe to adopt the US system.

“If Grace Periods were harmonised I think a lot of people believe we would have more sharing knowledge, more collaborations, and according to the scientists, more innovation.”

IP law firm (US)

Like their UK counterparts, those in the US also report that the system is complex and the move from **first to invent** to **first inventor to file** has created some ambiguity with the interpretation of the law. The general view is that US Grace Period laws should be amended so that they are easier for businesses to interpret.

While most multinational businesses in the US do not routinely use Grace Periods as it removes the ability to patent in other key markets, there is a view that with a harmonised system there would be greater scope to grace inventions as this would still be commercially viable. There is also a belief that a well-defined harmonised Grace Period would create a more collaborative ethos as innovators would be able to share ideas and still be adequately protected. The promotion of innovation and sharing of knowledge without fear of losing patent protection is perceived as particularly important for academic institutes and small businesses. Some also believe that this will also help emerging and developing economies.

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There is also a view that the adoption of a harmonised Grace Period would not only remove the necessity of filing multiple provisional patents along the developmental process of an invention which saves time and fees, it would also reduce the burden on individual patent offices, speed up prosecutions and crucially, create better quality final filings.

## Academics' perspective

A harmonised system is particularly desirable according to academic institutes in both the UK and the US.

“Harmonisation would help put university inventors around the world on a more even playing field to help get their inventions commercialised.”

Academic institute (US)

Academics believe that a harmonised Grace Period would be beneficial to their sector as it would open up more markets for their inventions. Academics inherently want to discuss their inventions to enable others to input and ultimately improve their ideas. The current system penalises them as once they disclose, only a limited number of markets allow them to protect the invention.

Harmonisation could also result in reduced patenting costs which are seen as a great benefit by academics (and small inventors) who tend to have funding pressures. A harmonised Grace Period would allow the academics to raise funds from investors while also ensuring that their inventions are protected. Furthermore, there is a view that it is likely to reduce patenting costs as patenting processes would be aligned internationally.

While UK academic institutes agree that Grace Periods would be of great benefit to their sector, there are some who think that a harmonised system would be difficult and too time consuming to implement. Instead they believe that Europe should adopt a Grace Period system that works for it and any harmonisation can be dealt with separately. This view stems from the fact that academics could benefit from a European Grace Period more immediately and a system that seeks to harmonise would not be implemented quickly enough.

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## An effective Grace Period

For Grace Periods to be effective for businesses it is important that the system is harmonised and crucially easy enough for businesses to implement. There is a belief that Grace Period laws do not offer clarity, particularly around disclosure. Amendments would need to focus on the following aspects:

- **Clear definition on what constitutes a disclosure**
  - Is it a conference paper, written document, oral disclosure etc.
- **Clarity on what is being graced/protected**
  - The definition is perceived as too tight and does not give any flexibility for changes, i.e. the disclosure has to be very closely matched to the final patent application
- **Clear and unambiguous language**
  - Businesses highlighted that their focus should be on innovation and not interpreting laws
- **Guidance on who makes the disclosures**
  - Is it the inventor or other interested parties (in cases where there is collaboration).
- **Clarity on dates**
  - If an invention is disclosed on more than one occasion prior to filing, which date should take precedence when the application is submitted
- **Guidance on the audit trail required**
  - Some fear that without a trail there is a danger that it would be a race to the Patent Office as the system is 'first inventor to file'.

A well-defined harmonised Grace Period would mean businesses are working to a consistent system and there is a perception that if processes are aligned, it would be more cost effective for businesses to grace their disclosed inventions across markets. Alignment would reduce the need to adhere to and submit a totally different application for each market thus reducing legal costs.

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## Harmonised Grace Period term

Currently, there is no consistency with the Grace Period term, with most countries using either a six or 12 month term. The majority of those participating in the research are broadly in favour of a harmonised Grace Period term.

“Well being an American I’ve always been used to the 12 month Grace Period and I think frankly, I mean I don’t think the US would ever change to a shorter Grace Period. Convincing our Congress to change it would be extremely difficult so I favour the 12 months.”

IP law firm (US)

On balance, the one year term used in the US is perceived as the most appropriate. There is a view that the six month term that is currently used in markets such as Japan is too short and any term over twelve months would be too long. The twelve month term is favoured as it aligns with the US system which is already established.

There is a view among some US businesses that the AIA was a way of the US coming closer to the European system which uses first to file patenting laws. Therefore any implementation of Grace Periods should be closely aligned to the US system; this will be a way for Europe (and other regions) to meet the US half way. UK businesses that support Grace Periods are generally in favour of adopting a 12 month term.

Both UK and US businesses believe that the priority period should also stand.

## Barriers to harmonised Grace Periods

The majority of participants believe that implementation of a harmonised system will not be easy to achieve. They perceive laws as being generally difficult to agree and any move to align patenting laws for different countries as a challenge.

There is a view that while there may be a desire for Europe, the US and other jurisdictions to harmonise, there is likely to be a degree of resistance from economies that are still in the early stages of their growth phase. Countries are at different stages of development; therefore IP laws that are favourable to more established economies with a long history of innovation are going to be different to those for economies that are still developing. Principally, such countries are perceived as focusing more on production and the lack of harmonised Grace Periods gives them sight of inventions from other countries which they can replicate. This said, there is also an acknowledgement that as economies mature, there will be a natural shift towards innovation.

Overwhelmingly political influence is perceived as being the biggest barrier to the implementation of a truly harmonised system. There is a view that conflicting political interests will ultimately hinder a consistent Grace Period system across the various markets. Businesses are strongly against a piecemeal solution that is only implemented for political interest.

“I think it'll be very difficult. The problem is when governments get together there's always a pressure for political compromise. We've seen this with the UPC, the Unified Patent Court, and the Unitary Patent, that it starts off with the best of intentions but the actual final output can sometimes be a bit of a push me pull you.”

Multinational – Agri-business (UK)

There is a view that harmonisation would be a lengthy process, even if there was political impetus. Businesses in the UK cite the Unified Patent Court as a case in point. The Unified Patent Court agreement has taken nearly thirty years to agree and even at the time of writing it is not yet fully implemented. Perhaps realistically, many participants commented that a harmonised system is unlikely to be implemented in their life time.

“I think there is a crying need for this and I think it's incumbent on us to look how we can implement this quickly within Europe, within the European patent system rather than waiting to see if we're getting global conversion.”

Academic institute (UK)

There were also some questions around which body would take responsibility for the implementation of harmonised Grace Periods. Again, there is a belief that the various countries would not be able to reach an agreement easily on who takes charge. This perceived political

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inertia is driving some UK academic institutes to believe that Europe should initially implement Grace Periods that work for the region and any move towards a harmonised system should be a secondary consideration.

The implementation of harmonised Grace Periods is perceived as a very costly exercise for the various countries. Some also highlight that any changes to the current legislation to a harmonised system would also be costly to businesses as they would need to change their working processes to reflect any changes.

While generally there is some demand for Grace Periods in the UK, particularly among academic institutes, their use is still likely to be limited. Business will continue to follow the good practice principles they currently work to and fully protect their inventions. Grace Periods are only likely to be used as a recovery tool in instances where there is an inadvertent disclosure. However, should harmonised Grace Periods be implemented and are appropriately defined, use may go beyond inadvertent disclosures.

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# Appendix 1

## Grace Periods and the term by country<sup>1</sup>

Country	Grace period	Term
Argentina	Yes	12 months
Australia	Yes	12 months
Bolivia	Yes	12 months
Brazil	Yes	12 months
Canada	Yes	12 months
Chile	Yes	12 months
China	Minimal	6 months
Colombia	Yes	12 months
Costa Rica	Yes	12 months
Ecuador	Yes	12 months
Egypt	Minimal	6 months
Europe (EPC)	Minimal	6 months
Guatemala	Yes	12 months
India	Minimal	12 months
Indonesia	Minimal	6 or 12 months
Israel	Minimal	6 months
Japan	Minimal	6 months
Jordan	Yes	12 months
Malaysia	Yes	12 months
Mexico	Yes	12 months
New Zealand	Minimal	6 months
Pakistan	Minimal	12 months
Panama	Yes	12 months
Peru	Yes	12 months
Philippines	Yes	12 months
Russia	Yes	6 months
Serbia	Yes	6 months
Singapore	Yes	12 months
South Africa	Minimal	Not Provided
South Korea	Yes	12 months
Taiwan	Minimal	6 months
Thailand	Minimal	12 months
Turkey	Yes	12 months
Ukraine	Yes	12 months
United States	Yes	12 months
Uruguay	Yes	12 months
Vietnam	Yes	6 months

<sup>1</sup> <http://www.insme.org/files/grace-period-report>



Concept House  
Cardiff Road  
Newport  
NP10 8QQ

Tel: 0300 300 2000  
Fax: 01633 817 777

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