

# THE PROBLEM WITH SECRET PRIOR ART

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## Key points:

- It is generally agreed that the International patent system would benefit from some harmonisation of substantive patent laws, particularly in relation to the definition of prior art and the treatment of earlier filed but later published applications ("conflicting applications")
- Although in concluding the European Patent Convention in 1973 it was possible to reach a consensus among the 19 member countries in relation to the treatment of conflicting applications, no such consensus has been reached in WIPO patent law harmonisation forums involving the United States.
- The descriptors "first to file" and "first to invent" as applied to patent systems are short hand references to the way conflicting applications are treated in those systems. It is therefore not surprising that principles and practices developed in a first to invent system may not be readily transposable into a first to file system. In particular, while conflicting applications represent "secret" prior art in a first to invent system they do not represent actual prior art in a first to file system.
- Although the United States has abandoned its first to invent system in favour of a new "first inventor to file" system, the new system borrows several elements from the earlier first to invent system, particularly in relation to the treatment of conflicting applications and application of the grace period. The system introduced into the United States with the America Invents Act is new, and it remains to be seen over time whether this hybrid system will work well in practice.
- The European "whole of contents novelty" approach to the treatment of conflicting applications represents a further extension of the "prior claiming" approaches popular throughout Europe prior to commencement of the EPC in 1977. These approaches acknowledge that both first and second applicants have made inventions over the prior art and are deserving of patent protection, but require the later applicant to subtract subject matter disclosed (or claimed) in the earlier application from their claims to avoid double patenting. There is no assessment of whether the later applicant has made a novel or inventive contribution over the disclosure, or claims, of the earlier applicant. The whole of contents is only deemed to be part of the state of the art for novelty so that the subject matter to be subtracted from the later claims can be identified.
- The European whole of contents approach, while going further than necessary to avoid double patenting, has the advantage that it avoids the need to defer examination of the later application until the claims of the earlier application are finalised.
- The whole of contents approach also avoids creating a gap or "distance" between the claims of the patents granted on the earlier and later applications. Any such gap is likely to include subject matter enabled by the later patentee, but for which protection is not obtained by either patentee. The subject matter in the gap could be exploited with impunity by third parties to the detriment of both patentees.

- Group B+ should look more closely at the benefits (including simplicity) of the European whole of contents approach as a model system for international harmonisation of the treatment of conflicting applications. Adopting a system that has stood the test of time within a first to file system is preferable to adopting any new hybrid system that has not previously been put to the test.

The need for international harmonisation of substantive patent law was recognised by WIPO's Standing Committee on the Law of Patents (SCP) in November 2000, leading the SCP to focus its efforts on concluding a *Substantive Patent Law Treaty* (SPLT)<sup>1</sup>. Despite numerous meetings and the preparation of a number of drafts of a possible SPLT, the negotiations were put on hold in 2006. In view of the continued interest of many WIPO member countries in progressing negotiations in relation to substantive patent law harmonisation, including all members of WIPO's Group B, the Group B+ was established to move forward on substantive patent law harmonisation<sup>2</sup>.

One topic currently being considered by Group B+ is conflicting applications. A conflicting application is a patent application having a filing date (or priority date) earlier than that of an application or patent under consideration, but which was published later. Efforts towards reaching an international consensus in respect of the treatment of conflicting applications have thus far failed.

In the past, one of the main areas of contention in relation to the way conflicting applications should be treated was the insistence by the United States that such applications should be considered as prior art for the purpose of assessing inventive step in addition to novelty. Such treatment of conflicting applications was considered to be unacceptable to all other countries operating under first to file principles.

However, with the commencement of the *America Invents Act* (AIA) in 2011, and the replacement of the old first to invent patent system with a new "first inventor to file" regime, it might be expected that one of the major stumbling blocks to reaching an agreement in relation to the treatment of conflicting applications would be removed. Unfortunately, this is not necessarily the case. Although the United States has introduced a new patent law based primarily on first to file principles, the AIA carries with it some elements and principles from the old first to invent system. This includes the way conflicting applications are treated. Under the AIA not only are earlier filed but later published applications considered relevant for the assessment of both inventive step and novelty, as in the old first to invent system, but the grace period provisions included in Section 102(b)(1)(B) and (2)(B) also appear to import first to invent principles.

While the AIA is referred to as a "first inventor to file" system, owing to the grace period provisions the patent is not always awarded to the first inventor to file. An inventor who publishes his invention and then seeks to rely on the grace period will prevail over an independent inventor of that same subject matter who files an application first, but within that grace period. Publication of the invention by the independent inventor during the grace period will also not interfere with the ability of the inventor who published earlier to obtain a patent for that invention. Both of these grace period provisions accord a right of priority to an inventor based on their publication of details of the invention, rather than the filing of an application in respect of that invention. Non-statutory obviousness-type double patenting is another carryover from the first to invent system, as well as being a

carryover from the old pre-TRIPS law according to which patents received a 17 year term from the grant date.

In order to have a meaningful and productive discussion in relation to the treatment of conflicting applications, it is important for those involved in the negotiations to have a comprehensive understanding of the fundamental differences between "first to invent" and "first to file" systems, particularly in relation to the way approaches to deal with conflicting applications have developed within these systems. It is important to note that the descriptors "first to invent" and "first to file" are in fact references to the way conflicting applications are treated according to the respective systems. It should therefore come as no surprise that laws and principles which have been developed to satisfy one of these systems may not function as well in the other system.

### **First to invent system**

As the name suggests, a first to invent system, such as the previous United States system, accords priority to the first inventor. Various practices and principles were developed over the years to ensure that first inventors received full protection for the inventions they had conceived and for which they sought protection. An earlier filed application that was unpublished at the time a later application was filed was true prior art, in the sense that it represented evidence that someone other than the later applicant had made the same or similar invention at an earlier time. Of course it was also possible to "swear behind" such earlier filed applications if the applicant could evidence having made the invention prior to the filing date of the earlier application. These earlier filed applications were considered to be "secret" prior art because they were not available to the public (or to the later inventor) at the time of filing the later application. The term "secret prior art" is an apt term to describe such earlier applications.

Accordingly, in the first to invent system, it was necessary to find some inventive advance in the later application over and above the disclosure of the earlier filed application before the later applicant could be awarded a patent. This all seems fair and reasonable in a system designed to award patent rights to a first inventor.

According to information published by Ladas and Parry LLP on its website on 7 May 2014<sup>3</sup>, the United States patent system has operated on first to invent principles for well over a hundred years, and possibly since the first *United States Patent Act* of 1790. In fact, according to the Ladas and Parry commentary, a mechanism was set up in 1870 for resolving disputes as to who had invented a particular invention which involved creating a new post of "Examiner in charge of interference". Based on this long history of applying first to invent principles when dealing with conflicting applications, it is not unexpected that United States practitioners had, and continue to have, difficulty accepting that such earlier filed but later published applications are not considered prior art at all in a first to file system. Once this important fact is appreciated, the approaches adopted in first to file countries or regions, such as Europe, should make far more sense to these practitioners.

## **First to file system**

It may come as a surprise to many that the United Kingdom only adopted a first to file system in 1883<sup>4</sup>. Prior to 1883 patents were granted, not to the first applicant, but to the first applicant to prosecute their application through to grant. Once this patent was granted, it was no longer possible to grant another patent for that invention to an earlier applicant. This was the result of a decision *In Re Bates and Redgate's application*, L.R. 4 Ch. 577. However, where both applications were filed on the same day, separate patents could be granted to both applicants. See *In Re Dering's patent* 13 Ch 393.

In view of the perceived injustice to the earlier applicant, the Patents Act was amended in 1883 to include a provision which accorded priority to the first applicant. According to Section 13 of the *Patents Act 1883*, the granting of an initial patent to a later applicant did not prevent the granting of a patent for the same invention to an earlier applicant. However, it appears that once the patent was granted to the later applicant, the earlier applicant could not take any action to have that patent revoked.

This situation was clarified in the *Patents Act 1907*<sup>5</sup> which introduced a prior claiming approach to conflicting applications. According to this prior claiming approach, the later applicant was required to subtract from their claims subject matter claimed in a patent granted on an earlier application. However, if the earlier application or patent was abandoned, or the claims amended to remove the overlap, there was nothing to prevent the full scope of protection being granted to the later applicant. This type of prior claiming approach to the assessment of conflicting applications was also applied in France and Germany up until the commencement of the *European Patent Convention* (EPC). The same approach was also used by other countries such as Australia, New Zealand and India.

Under a prior claiming approach, earlier filed but later published applications are not considered to be part of the state of the art or prior art base against which novelty and inventive step are assessed. In fact, according to a prior claiming system, both the first and second applicants are considered to have made patentable inventions over and above the state of the art and, but for the avoidance of double patenting, are deemed equally deserving of patent protection. The problem, however, is that once a patent is granted to one of the applicants for a particular invention it would undermine the value of that patent if another patent for that same invention was granted to another party.

Accordingly, under the prior claiming approach prosecution of the later application was placed on hold pending the outcome of examination of the earlier application and the finalisation of the claims to be granted. Only then could the Examiner determine the extent of the subject matter that needed to be subtracted from the claims of the later application. If the earlier application did not proceed to grant, or if the granted claims did not include subject matter within the scope of the claims of the later application, then nothing needed to be subtracted and the later applicant could obtain full protection for the invention they made.

This system for dealing with conflicting applications was considered to strike the correct balance between the first and second applicants, allowing the second applicant to pursue protection for all subject matter included within the scope of their claims that was not claimed by the earlier applicant. Since the earlier application was not part of the state of

the art, there was no need to conduct any assessment as to whether the second applicant made any novel or inventive contribution over and above what was claimed or disclosed in the first applicant's patent specification.

While the prior claiming system was popular in Europe before commencement of the EPC, it did have some drawbacks. One of the main drawbacks was delay. The later filing applicant was required to wait until the fate of the earlier application (or applications) was known before examination could be completed. The problem was compounded if serial divisional applications were filed. Another disadvantage, although not considered to be of great significance, was that the prior claiming system did not allow an earlier applicant to dedicate their invention to the public by abandoning the patent application, since there was always the danger that the subject matter could be monopolised by a later inventor who filed an application in respect of the same or a similar invention. These disadvantages of the prior claiming system ultimately led to the adoption of the so-called "whole of contents novelty" approach to the assessment of conflicting applications found in the EPC. More recently other countries such as Australia and New Zealand have replaced "prior claiming" with European-style "whole of contents novelty" systems for the same reasons.

However, prior to commencement of the EPC in 1977, there were earlier attempts to harmonise substantive patentability requirements throughout Europe, including approaches to the treatment of conflicting applications.

### **Strasbourg Convention on Unification of Certain Points of Substantive Law on Patents for Inventions 1963**

From 1961 to 1963 the Council of Europe, through the Bureau of the Committee of Experts on Patents, carried out work on the development of a *Convention on Unification of Certain Points of Substantive Law on Patents for Inventions*<sup>6</sup>.

#### ***Preliminary draft Convention***

Attached to the report of a meeting held in Paris on 16 and 17 March 1961<sup>7</sup> was a preliminary draft of such a Convention which included three possible provisions for dealing with conflicting applications. These versions were proposed by experts from Scandinavia, the Federal Republic of Germany and the United Kingdom respectively. The three proposals were criticised as they extended consideration of the "prior arts" to the whole contents of the application from which they were derived instead of limiting consideration to the protection afforded by the patent granted on the earlier application.

#### ***Second draft Convention***

The next draft Convention attached to the draft report of the Committee of Experts on Patents dated 8 May 1961<sup>8</sup> included two provisions for dealing with conflicting applications, one in which the claims in a patent granted on an earlier application were considered to be comprised in the state of the art, and another optional provision by which the whole contents of the application or patent could be considered to be comprised in the state of the art. In either case, inventive step or obviousness was judged with reference to the state of the art without exception. In justifying inclusion of the broader optional clause

the report indicated that it was merely an option for the States which they were in no way bound to exercise.

There was a significant objection to the inclusion of the broader clause by Scandinavian experts who preferred limiting the provision to the granted claims of the earlier application<sup>9</sup>. This concern was emphasised in particular by the Swedish Society of Patent Agents who were "strongly opposed" to the broader alternative<sup>10</sup>.

Various proposals and suggestions were made by representatives of European countries including an option suggested by the United Kingdom delegation to not just consider the subject matter claimed in an earlier filed patent, but to also consider obvious equivalents and modifications of the claimed subject matter<sup>11</sup>. This option was not adopted.

The Committee of National Institutes of Patent Agents (CNIPA) was particularly concerned about any attempt to include unpublished matter in the state of the art. In a submission dated 7 May 1963<sup>12</sup> they argued:

*"no attempt, as in the draft of August 1962, to deal with the problem by artificially including unpublished matter in the state of the art can lead to a satisfactory result. If, for instance, everything disclosed in a patent of earlier date forms part of the state of art, then it becomes impossible to obtain a later patent protection for matter which, though so disclosed, is not the subject matter claimed in the earlier patent."*

In other words, the CNIPA was strongly in favour of a prior claiming approach to the treatment of conflicting applications.

#### *Final Convention*

Eventually on 27 November 1963 the member states of the Council of Europe agreed to the following wording of Articles 4 and 5 (with bolding added) which deals with earlier filed but later published applications<sup>13</sup>:

#### **Article 4:**

1. *An invention shall be considered to be new if it does not form part of the state of the art.*
2. *Subject to the provisions of paragraph 4 of this article, the state of the art shall be held to comprise everything made available to the public by means of a written or oral description, by use, or in any other way, before the date of the patent application or of a foreign application, the priority of which is validly claimed.*
3. ***Any Contracting State may consider the contents of applications for patents made, or of patents granted, in that State, which have been officially published on or after the date referred to in paragraph 2 of this article, as comprised in the state of the art, to the extent to which such contents have an earlier priority date.***

4. *A patent shall not be refused or held invalid by virtue only of the fact that the invention was made public, within six months preceding the filing of the application, if the disclosure was due to, or in consequence of:*
  - a. *an evident abuse in relation to the applicant or his legal predecessor,*  
or
  - b. *the fact that the applicant or his legal predecessor has displayed the invention at official, or officially recognised, international exhibitions falling within the terms of the Convention on international exhibitions signed at Paris on 22<sup>nd</sup> November 1928 and amended on 10<sup>th</sup> May 1948.*

#### **Article 5:**

*An invention shall be considered as involving an inventive step if it is not obvious having regard to the state of the art. **However, for the purposes of considering whether or not an invention involves an inventive step, the law of any Contracting State may, either generally or in relation to particular classes of patents or patent applications, for example patents of addition, provide that the state of the art shall not include all or any of the patents or patent applications mentioned in paragraph 3 of Article 4.***

Accordingly, it became optional whether or not a contracting State chose to consider the whole of contents of an earlier filed later published application as being part of the state of the art. Even if a country did decide to include it as part of the state of the art, there was a further option to exclude it from any assessment of inventive step or obviousness.

### **European Patent Convention**

During the period in which the *Strasbourg Convention 1963* was negotiated a number of other conventions were under discussion dealing with harmonisation of classification, unity of invention, patent term and the like. Eventually work focused on establishing a European system for the grant of patents.

#### ***Preliminary draft Convention***

At its meeting in Brussels on 21 May 1969 the Inter-Governmental Conference for the setting up of a European System for the Grant of Patents decided to draw up a draft Convention<sup>14</sup>. The first preliminary draft of the Convention included Article 11(3) which stipulated that the contents of an earlier application for a European patent published on or after the filing date or priority date would be considered as comprised in the state of the art<sup>15</sup>. Article 13, which related to the assessment of inventive step, included two variants. The first variant specified that earlier filed but unpublished European applications were not to be considered in deciding whether or not there has been inventive step. The

second variant indicated that such earlier filed applications could be used in the assessment of inventive step provided that each document was considered separately.

The report published in association with the first preliminary draft *Convention<sup>16</sup> establishing a European System for the Grant of Patents* specified that the rules of patentability in the draft convention had been taken from the *Strasbourg Convention 1963*. However, the report mentioned that some modification of the provisions dealing with earlier filed but later published applications had been made by the working party. One of the modifications was to specify that such prior applications are only taken into consideration when intended for the same country as the application that is being examined, while the other modification was to totally or partially exclude such applications from being considered in deciding whether or not there was an inventive step. Despite these modifications the report by the British delegation on Articles 11 and 13<sup>17</sup> pointed out that Article 11(3) was "*of course more severe than that adopted in, for example, the UK, German and French laws which adopt the test of prior claiming*".

### ***Second preliminary draft Convention***

Following a meeting in Luxembourg from 20 to 28 April 1971, the Inter-Governmental Conference published a second preliminary draft of the Convention<sup>18</sup>. While there was no change to Article 11(3), Article 13 was amended to remove the second variant. Accordingly, earlier European patent applications of the type referred to in Article 11, paragraph 3, were not to be considered in deciding whether there has been an inventive step. It appears from a report published in relation to the activities of the working party of the Inter-Governmental Conference that the decision to remove the second variant was made in a meeting held earlier in April 1970.

### ***Preparatory documents for Munich Diplomatic Conference***

The versions of Articles 11 and 13 (renumbered as Articles 52 and 54), as they appeared in the preparatory documents drawn up for consideration at the Munich Diplomatic Conference for the setting up of a European System for the Grant of Patents to take place from 10 September to 6 October 1973, were in substantially the same form as they appeared in the second preliminary draft of the Convention<sup>19</sup>. A slight change was made to Article 52(3), to specify that it was the content of the European patent applications (as filed) that was to be considered, and that the filing date of the European patent application must be prior to the filing date or priority date of the European patent application under consideration. No changes were made to Article 54, other than to take into account the renumbering of the Articles.

In the official compilation of submissions<sup>20</sup> made on behalf of various countries and non-Governmental organisations in advance of the Munich Diplomatic Conference in relation to the various provisions of the draft European Patent Convention, it is notable that few submissions were made regarding Articles 52 and 54.

However, concern about the whole of contents approach was expressed by COPRICE (Comité pour la Protection de la Propriété Industrielle dans la Communauté Économique Européenne). They stated<sup>21</sup>:



*"the majority of COPRICE considers that the "prior claim approach" is clearer and more equitable. This approach has been adopted in several laws which have recently entered into force, particularly in France. It represents a development which has taken place since the signing of the Strasbourg Convention. It is true that the Convention adopted the "whole content approach" but it is felt that subsequent developments which have led, instead, to the "prior claim approach" being adopted in several national laws could be applied in the European Convention."*

They also indicated that a minority within COPRICE remained concerned that under a prior claim approach "the state of the art can only be defined with certainty when the first European patent is granted since it is only then that the terms of the claims can be defined." This minority also acknowledged that " *this difficulty is removed by the application of the "whole content approach" since the content of the first European patent application is determined when the application is filed.*"

Accordingly, while the majority of COPRICE had reservations in relation to the whole contents approach, a minority recognised the shortcomings of the prior claiming approach and appreciated the benefits of moving to a whole contents approach.

Of particular note and importance was a warning provided by CPCI (Standing Conference of the Chambers of Commerce and Industry of the European Economic Community)<sup>22</sup>. While they could see the benefits associated with applying the whole contents approach, they could also see that it could be a source of confusion. In this regard, they stated:

*"In the view of the Standing Conference, the state of the art must remain strictly defined by what has been made available to the public before the date of filing of the European patent application. The situation created by Article 52, paragraph 3, could be a source of confusion, in particular since there is a danger that it will influence the application of Article 54. The problem which Article 52, paragraph 3, sets out to cover does not relate to the assessment of novelty but to a conflict between two applications; it is as such that it should be dealt with."*

This warning is just as important today as it was back in 1973. It is clear that the only reason that the whole of contents of the earlier European application is to be considered to be part of the state of the art is to provide a mechanism for ensuring that the subject matter disclosed in the earlier European patent application is subtracted from the claims of a later application. This is to ensure that the patent granted to the later applicant does not claim subject matter disclosed in the earlier application.

Although double patenting could be avoided by merely excluding the subject matter claimed in the patent granted on the earlier application, the whole of contents approach goes broader than this and requires the later applicant to effectively exclude all subject matter that could have been claimed in the earlier application. This approach is justified on the basis of expediency, because it avoids the need to wait for the earlier patent or patents to be granted before finalising the scope of the claims of the later application. However, it is important to appreciate that application of the whole of contents approach is not a true assessment of novelty.

A parallel can be drawn with the "reverse infringement test" which is used in some jurisdictions, including Australia, for the assessment of novelty. The test is applied by considering whether carrying out the teaching of an earlier disclosure would inevitably result in infringement of a claim of a later filed patent. If there is infringement, then the earlier disclosure is considered to destroy the novelty of the claim. Accordingly, while the test applied is an infringement test, it is actually novelty which is being assessed. In a similar manner, applying the whole of contents approach to an earlier filed later published application is simply a mechanism for ensuring that any protection granted in respect of the later application does not encompass subject matter taught in the earlier application. It is not an assessment of whether the second applicant made a novel contribution over the disclosure of the earlier application.

Interestingly, the majority of the Standing Conference was of the opinion that any conflict between European patent applications filed on different dates should be limited to "the claims in the form in which they existed on the date on which the conflict arose"<sup>23</sup>.

### ***Final Convention***

Ultimately, the only further amendment made to Articles 52 and 54 before the European Patent Convention was finalised was renumbering them as Articles 54 and 56<sup>24</sup>.

Accordingly, in 1973 the 19 nation working party, comprising Austria, Belgium, Britain, Denmark, Finland, France, Germany, Greece, Holland, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and Yugoslavia, came to an agreement in relation to the way conflicting applications would be treated under the proposed European patent system. Of particular importance, a solution was found which treated earlier filed later published applications the same regardless of who filed them, and did not require any protection against self-collision or terminal disclaimers.

### **Patent Law Treaty**

It appears from the records of WIPO that between June 1983 and June 1991<sup>25</sup> considerable work was carried out by a "committee of experts on the harmonization of certain provisions in laws for the protection of inventions" to conclude a proposed *Patent Law Treaty*. The preparatory work in respect of this *Patent Law Treaty* was completed in November 1990, and a diplomatic conference took place in The Hague from 3 to 21 June 1991 in an attempt to conclude this Treaty. Unfortunately, it is evident that agreement was not reached and the Treaty was not concluded.

### ***Diplomatic conference in the Hague***

Although the draft Treaty considered at the diplomatic conference included in Article 9 a provision which would implement "first to file" principles, Article 13 left open the possibility that the whole contents of an earlier application which was published after the priority date or filing date could be treated as prior art for the purpose of determining whether the invention possessed an inventive step<sup>26</sup>. Article 13 also included a provision providing protection against self-collision in respect of such earlier applications, although a

contracting party was free not to include protection against self-collision if the whole contents of the earlier applications was only considered to be prior art for the purposes of determining novelty.

After the Chairman opened up discussion in relation to draft Article 13, the Swedish delegate immediately proposed that the last sentence of paragraph (1)(a) in the text of Article 13 be deleted<sup>27</sup>. This text allowed a contracting party to consider the whole contents of an earlier application for the purposes of determining inventive step. She then indicated that her delegation *"was opposed to considering the whole contents of a former application to be prior art for the purpose of determining whether an invention satisfied the requirements of both novelty and inventive step (non-obviousness), instead of only for the purpose of determining the novelty of the invention."* She also stated that *"the goal of harmonization would be defeated by the inclusion of optional provisions, such as the one found in the last sentence of sub-paragraph (a)."*

Interestingly, with the exception of the delegation of the United States, all delegations supported the proposal of the delegation of Sweden for the deletion of the last sentence of paragraph (1)(a).

The delegate from the United States expressed the view that retaining the possibility to treat earlier filed but later published applications as prior art for the assessment of inventive step *"was the only way to achieve true harmony in respect of the application of the principles of draft paragraph (1) as a whole."*<sup>28</sup> He also indicated that *"to achieve true harmonization, an earlier application must be considered as prior art from its filing date for the purpose of determining both novelty and obviousness. Such an approach would avoid patents being granted on inventions having only obvious differences over inventions claimed in earlier-filed patent applications."*<sup>29</sup> None of the delegates expressed support for the stated position of the United States.

The German delegate explained that it would be particularly unfair to *"deny patentability on the grounds of obviousness based upon prior art that the inventor could not have known about."*<sup>30</sup> However, in response the United States delegate countered that it was *"equally unfair to apply it for the purposes of determining the novelty of that invention."* The United States delegate stated that in both cases *"it was secret prior art that was being applied and no distinction should be made in applying it also between novelty and non-obviousness."*<sup>31</sup>

This statement by the United States delegate suggests a misunderstanding of the purpose of treating the whole contents of an earlier filed application as prior art for novelty only in a first to file system. As discussed above, the purpose is not to assess whether or not the second applicant has made a novel advance over the disclosure of the earlier application. Rather, the purpose is to ensure that a patent granted to the second applicant will not encompass subject matter disclosed by the earlier applicant which may, or may not, eventually become the subject of a patent granted to the earlier applicant. In other words, the purpose is to avoid granting patents in respect of the same invention to different persons, and, as such, is not a matter of fairness. The novelty test, which involves treating information that has not been public as if it had been made public, is a simple method of determining what must be subtracted from the claims of the later applicant to avoid actual or potential double patenting.

This point was made by the United Kingdom delegate who stated<sup>32</sup>:

*"the governing principle was that it was undesirable to have two patents for the invention granted to different persons. In such a case, the applicant who was the second should not get a patent. The question of obviousness raised different considerations. A rough justice was obtained by denying patentability to the second application which was novel over a first application, but there was no need to extend that rough justice to the question of obviousness."*

The delegate from the European Patent Office supported the positions taken by the delegations of the United Kingdom and Germany. He also explained the importance of limiting the application of the "whole contents" doctrine to the assessment of novelty to allow inventors to file later applications in respect of improvements over their initial inventions. The FICPI delegate made the point that experience with the "whole contents" system under the European patent convention *"had shown that such a system worked quite easily"*.<sup>33</sup>

In the end the Chairman concluded that *"with exception of the delegation of the United States of America, all delegations had supported the proposal of the delegation of Sweden which thus would be part of the basis of further considerations in the diplomatic conference."*<sup>34</sup>

When the question of self-collision was discussed, it was pointed out by the Chairman that protection against self-collision may not be needed if the last sentence of the paragraph (1)(a) was deleted. In the end, after much discussion, a decision was made by the Chairman to retain the protection against self-collision in the draft Treaty in optional form.<sup>35</sup>

## **Substantive Patent Law Treaty**

In November 2000 WIPO's Standing Committee on the Law of Patents (SCP) decided to re-initiate work on harmonisation of matters of substantive patent law in an attempt to conclude a *Substantive Patent Law Treaty* (SPLT). One of the areas where the SCP was seeking to achieve harmonisation was in respect of the definition of prior art. It appears that the starting point for discussions was the 1991 draft *Patent Law Treaty* discussed above<sup>36</sup>. In the final draft of the SPLT discussed in a meeting of the SCP from 10 to 14 May 2004 the ability for earlier filed but later published applications to be considered as prior art for the purpose of assessing inventive step was removed. The consideration was limited to novelty<sup>37</sup>. Accordingly, discussions were clearly headed towards the adoption of a European style "whole of contents novelty" approach to the treatment of conflicting applications. However, in 2006 efforts to conclude the Substantive Patent Law Treaty within WIPO ceased.

## **Group B+**

In view of the failure of the SCP to conclude the proposed substantive *Patent Law Treaty*, the Group B+ was established to further progress efforts to achieve international

harmonisation of matters of substantive patent law. In 2014 a sub-group of B+ was set up to consider the potential for achieving international harmonisation in relation to a number of areas, one of which was conflicting applications.

With the United States moving to a first inventor to file system, it was hoped that some of the issues which interfered with an agreement on the treatment of conflicting applications might no longer be applicable. In fact, it is now apparent from a review of the various documents relating to conflicting applications on the Group B+ website that, indeed, some progress has been made. However, it also appears that Group B+ is intent on developing a new hybrid scheme for the treatment of conflicting applications, rather than adopting a scheme presently in use, such as the European whole of contents "novelty" approach, to achieve the best solution, or at least to achieve an acceptable compromise.

More recently, Group B+ sought extensive feedback from the Industry Trilateral (IT3) group which was formed by representatives from industry bodies AIPLA, IPO, Business Europe and JIPA. The IT3 appears convinced that there must be some "distance" between the disclosure of an application and the claims of a later application<sup>38</sup>. However, the reasons why there must be such a "distance" have not been clearly articulated, except that it seems to be an accepted fact within the IT3 that multiple patents granted in respect of closely related inventions is undesirable.

### ***The Japanese "enlarged novelty" system***

One potential compromise position considered by Group B+ is the Japanese so-called "enlarged novelty" approach. Under the Japanese enlarged novelty approach the claims in a later application must be amended to exclude subject matter which is substantially identical to subject matter disclosed in an earlier but unpublished application. The Japanese system also includes protection against self-collision in such circumstances.

However, if one examines the Japanese provisions, they appear to be drafted in a manner consistent with the European "whole of contents novelty" approach to the treatment of conflicting applications. Article 29-2, which is the basis for the expanded novelty test, actually only requires the exclusion of subject matter which is "identical" to subject matter disclosed in the earlier application<sup>39</sup>. Article 29-2 does not use the expression "substantially identical". Similarly, the double patenting provisions set out in Article 39 also use the word "identical", not "substantially identical"<sup>40</sup>. It is therefore evident that the "substantial identity" test is not statutory, but rather has been derived from jurisprudence and practice of the Japanese Patent Office (JPO).

Clear problems exist with the Japanese approach to the treatment of conflicting applications and double patenting. For example, a claim directed to the free base of a pharmaceutically active agent is regarded as being "substantially identical" to a claim to salts of that active agent. Accordingly, in Japan it is not possible to pursue a first patent directed towards the free base of an active agent and then file a divisional application to obtain protection for salts. By focusing on the technical concept underlying the claims instead of claim scope the JPO considers the claims to be identical in accordance with Article 39, even though the claims do not overlap at all. In most other jurisdictions, with the possible exception of Canada, there will be no difficulty in pursuing this type of divisional strategy. Even in the United States a terminal disclaimer could be offered to obtain the second patent.

The protection against self-collision results in a further anomaly. This protection allows an applicant in Japan to file two identical applications 18 months apart and, depending on whether or not any intervening prior art is identified, decide to continue with the later filed application and gain 18 months extra term, while allowing the earlier application to lapse. The protection against self-collision available in the United States can also lead to this anomaly.

### ***Terminal disclaimers***

The issue of terminal disclaimers has been discussed within Group B+. However, terminal disclaimers are not required in patent systems that provide for a 20 year term counted from the original filing date, and which incorporate a "whole of contents novelty" approach to the treatment of conflicting applications. All patents, including any divisional or continuation-type applications, will expire at the same time allowing third parties to exploit the claimed inventions from that date onwards. United States-style patent term adjustments that have been springing up in the laws of countries entering into free trade agreements with the United States have complicated the calculation of patent term, but these adjustments, where they occur, can be largely ignored since they do not generally result in a large range of expiry dates within a particular patent family.

Any additional patents obtained by the patentee for "novel" modifications of those inventions will not include the subject matter described and claimed in the earlier filed patents, and will in any event expire within 18 months of the expiry date of the earlier patents. The introduction of a terminal disclaimer system to reduce the term of these later filed patents by less than 18 months is not justifiable, and would add unnecessary complexity to an otherwise simple and straightforward system.

The terminal disclaimer system in the United States also requires common ownership of the earlier and later applications to exist at the time the terminal disclaimer is requested, and to be maintained throughout the life of the patents. However, there is no evidence that allowing patentees to assign patents within a particular family to different parties is an actual, rather than perceived, problem. Again, requiring applicants to maintain common ownership of related applications would introduce an unnecessary complication into an otherwise simple international system for the treatment of conflicting applications.

### ***PCT applications***

Group B+ has also given consideration to whether PCT applications which do not enter national phase in a particular jurisdiction should be deemed to be part of the state of the art for that jurisdiction. However, if the internationally harmonised system for treating conflicting applications is based on a desire to prevent actual or potential double patenting, then there is no basis for recognising in a jurisdiction earlier filed PCT applications that do not enter national phase in that jurisdiction.

After the national phase deadline has expired, such applications will lose their potential to conflict with a later filed application. Unlike the indeterminate, and potentially lengthy, delays in finalising the claims of earlier filed applications in a "prior claiming" system which justified the change in Europe to a "whole of contents novelty" system, the delay in entering national phase is relatively short and predictable. In any event, an examiner

considering a later filed application more than 30 or 31 months after its earliest priority date would be readily able to determine whether an earlier filed PCT application had entered national phase in that jurisdiction. Accordingly it is difficult to justify treating earlier filed PCT applications as part of the state of the art unless national phase has been entered in the particular jurisdiction.

### **What is the preferred approach?**

The best approach for dealing with conflicting applications in a first to file system is likely the simple and straight forward European approach, whereby the whole of contents of an earlier filed but later published application must be subtracted from the claims of a later application. Protection against self-collision and terminal disclaimers are not required under this framework.

The B+ sub group on patent harmonisation set out some agreed principles regarding conflicting applications. These agreed principles were as follows:

- (i) the grant of multiple patents for the same invention in the same jurisdiction should be prevented;*
- (ii) the patent system should allow for the protection of incremental inventions while ensuring that patent rights are not unjustifiably extended;*
- (iii) any system which allows incremental inventions to be patented should:
  - (a) balance the interests of inventors to protect incremental improvements on their own inventions with the interests of third parties to operate in the same field; and*
  - (b) promote innovation and competition.**

The European approach best satisfies these agreed principles.

The European approach is by far the simplest approach devised for resolving conflicts with earlier filed but later published applications. Applying a novelty assessment to the earlier application provides a simple mechanism for identifying the subject matter which must be subtracted from the later claims. There would also be no requirement for examiners to raise or justify inventive step objections based on such earlier applications, and applicants would not have to respond to such objections. Because all applicants are treated the same, there is no need for protection against self-collision. These are very desirable features of any system for dealing with conflicting applications.

Novelty is a straight-forward test and that can be applied relatively consistently across jurisdictions. While the approach involves subtraction of more subject matter from the later claims than required to avoid double patenting, it does not require subtraction of "equivalents", which would complicate the analysis. However, a fair balance between the rights of the two inventors is achieved, and acknowledgment is made that both have made inventions over the actual state of the art. At the same time double patenting is avoided.

The need to wait for the grant of claims in respect of the earlier application, as required by a prior claiming approach, is also avoided.

Of the various options proposed within Group B+, the European approach appears to be the one that best balances the interests of all parties. Group B+ may not have been correct in identifying the two "extreme" positions for the treatment of conflicting applications. While one extreme is applying an inventive step assessment to the earlier filed but later published application, the other extreme is not the European approach as suggested by Group B+. Rather, the other extreme is not applying the fiction that the unpublished earlier application is prior art, allowing the second application to proceed with its full contents, possibly limited to ensure that the later application does not include claims identical in scope to claims in the earlier application.

The prior claiming approach is less extreme than the European approach, only requiring the later applicant to delete from their claims the subject matter which is the subject of claims granted in respect of an earlier filed but later published application. Accordingly, the European approach which requires the later application to subtract more subject matter than would be required to avoid double patenting could be considered to be a fair intermediate position.

Treating earlier unpublished applications as "prior art" is a fiction. Since the United States abandoned its first to invent system, there is no longer any such thing as "secret" prior art. In a first to file system, earlier applications are only treated as prior art so that a prior art test can be applied to determine what subject matter must be subtracted from the second application. In this regard, expressions such as "secret prior art" and "whole of contents novelty" are misleading. The inventive step, or obviousness, test is based on a desire to prevent the patenting of things which would be obvious to those in the field at the relevant date due to their knowledge of their art. The earlier filed but unpublished applications are not known to the art at the priority date of the second application, and accordingly it is inappropriate to judge the contribution made by the second applicant as if he was aware of the contents of such an earlier application. This represents an unjustified and unwarranted extension of the fiction that the earlier application is prior art. The European approach avoids extending the fiction beyond what is arguably necessary to avoid double patenting, while allowing examination of applications to be carried out in an expedient manner.

The European approach acknowledges that there may not be much difference between what has been accomplished by the first and second applicants. In fact, in many cases the second applicant could be the first inventor. In a first to file system it does not matter who conceived the invention first. Both first and second applicants have made substantially the same invention over the same prior art. Both have presumably carried out searches and formed the view that their inventions are novel and inventive and likely to receive patent protection. Both applicants have trusted the patent system, paid their attorney fees and official fees and filed their patent applications. They have also both fulfilled their end of the patent bargain by committing full and enabling disclosures of their inventions to the public, the second applicant being unaware of any reason why he should consider withdrawing his application prior to publication. If both filed PCT applications, then both trusted the ISR and IPRP, and for the second applicant, it is unlikely that the first application will have been identified as it is unlikely to have been published at the time the international search was carried out. Both applicants could well have invested in their



businesses and the development of their inventions in the belief that they will receive patent protection. Both applicants have spent considerable sums of money entering national phase in respect of their PCT applications. The only significant difference is that the first applicant filed their application before the second applicant.

In some cases the second applicant will only learn of the first application during an opposition or revocation action, unless during national examination a top-up search was conducted to reveal the existence of the earlier application. The European approach minimises the negative consequences for the second applicant in these circumstances by only requiring the second applicant to subtract subject matter actually disclosed by the first applicant.

Applying an inventive step assessment to the first application will mean that the second applicant is in the same position as if the earlier application was published at the time the second application was filed. This favours the first applicant more than can be reasonably supported. The second applicant should at least be able to obtain protection in respect of those features which contribute novelty over the invention disclosed by the first applicant.

If the novel features provide an embodiment that falls within the scope of the claims of the first applicant, then there may be an opportunity for licensing, or cross licensing between the first and second applicants. Where the novel features provide an embodiment that falls outside the scope of the claims of the first applicant, there may be some area for the second applicant to exploit the invention without infringing the patent granted to the first applicant. This represents an acceptable compromise position.

It is also important to take into account that denying the second applicant protection for the invention he has disclosed in his patent application, including his novel contributions over the first applicant's disclosure, will allow the first applicant to adopt and use those contributions, incorporating these into his invention without needing to compensate the second applicant in any way. This is because the second applicant has published details of their invention without obtaining any protection for it. Accordingly there is no impediment to the first applicant adopting any or all useful improvements or modifications disclosed by the second applicant.

It is advantageous to both the first and second applicants that there is no gap or "distance" between the protection they receive. The gap or distance referred to by the IT3 in their elements paper actually represents subject matter enabled by the second applicant, but for which the second applicant does not receive protection. Any additional subject matter that goes beyond novelty which must be subtracted from the second applicant's claims will represent subject matter effectively dedicated to the public, being available to third parties to exploit without answering to the first or second applicant. There is no need to require "distance" between the protection granted to the first and second applicants provided double patenting is avoided. It seems the IT3 has not given enough consideration to the consequences of requiring a distance or gap between the protection afforded to the two applicants.

Although the European system allows the granting of patents in respect of incremental inventions, and there is no actual limit on the number of such patents that any given applicant may obtain, there is no evidence that this has caused any particular problem which requires an adjustment of the European approach to the assessment of conflicting

applications. Similarly, there appears to be no credible evidence that the "whole of contents novelty" approach as applied to the applications of different applicants has caused undue difficulties for users of the system.

If there is indeed a problem in a particular jurisdiction with the number of closely related patents being granted to any given applicant, or to multiple applicants, then perhaps other mechanisms might be employed to address such problems in those jurisdictions. For example, it may be that problems could be resolved by increasing the fees associated with filing and prosecuting patent applications, or renewal fees. It may also be possible to introduce rules dictating the conduct of litigation to ensure that it is carried out in good faith. Requiring "distance" between patents is an unnecessary component of an international approach to dealing with conflicting applications.

Provided it is possible to fully recognise multiple and partial priorities within a single claim, in accordance with the principles of the decision of the Enlarged Board of Appeal in G1/15<sup>41</sup>, there should be no need to include any protection against self-collision. This represents another advantage of the European system.

For the reasons set out above the current European system for treating conflicting applications meets all the agreed principles established by the B+ sub group. Accordingly, Group B+ should look more closely at the benefits (including simplicity) of the European whole of contents approach as a model system for international harmonisation of the treatment of conflicting applications. The approach also has the advantage of being tried and tested in a major jurisdiction. Most practitioners and users of the international patent system will be familiar with this system, and as such implementation as an international standard should be easy. Such a system also acknowledges the reality that so-called "secret prior art" is not prior art at all in a first to file system.

17 November 2017

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<sup>1</sup> [http://www.wipo.int/patent-law/en/draft\\_splt.htm](http://www.wipo.int/patent-law/en/draft_splt.htm)

<sup>2</sup> <https://www.epo.org/law-practice/harmonisation/group-b-plus.html>

<sup>3</sup> <https://ladas.com/education-center/a-brief-history-of-the-patent-law-of-the-united-states-2/>

<sup>4</sup> <https://archive.org/details/patentsdesignsa01britgoog>

<sup>5</sup> <http://www.legislation.gov.uk/ukpga/Edw7/7/29/contents>

<sup>6</sup> <https://rm.coe.int/168006b65d>

<sup>7</sup> <https://rm.coe.int/16807296c5>

<sup>8</sup> <https://rm.coe.int/1680729664>

<sup>9</sup> <https://rm.coe.int/1680729668>

<sup>10</sup> <https://rm.coe.int/168072968c>

<sup>11</sup> <https://rm.coe.int/1680729741>

<sup>12</sup> <https://rm.coe.int/16807296ad>

<sup>13</sup> <https://rm.coe.int/168006b65d>

<sup>14</sup> <http://aei.pitt.edu/8464/1/8464.pdf> p.5

<sup>15</sup> <http://aei.pitt.edu/8512/1/8512.pdf> p.22

<sup>16</sup> <http://aei.pitt.edu/8464/1/8464.pdf> p.6

<sup>17</sup> <http://aei.pitt.edu/8464/1/8464.pdf> p.12

<sup>18</sup> <http://aei.pitt.edu/8708/1/8708.pdf> p.32

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