

Q228

National Group: AIPPI Italian Group

Title: Prior user rights

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I. Analysis of current law and case law

1. Is there a provision in your national patent law that makes an exception to the exclusive right of a patent holder for parties who have used the invention before the filing/priority date of the patent (“prior user rights”)?

Yes. Article 68(3) of the Italian Industrial Property Code states that during the twelve months period prior to the date of filing of a patent application or the date of priority thereof, whoever has made use of the invention in his own business may continue to use it within the limits of previous use. This right may be transferred only together with the business activity in which the invention was used. The burden of proof of earlier use and its extension is upon the earlier user.

2. How frequently are prior user rights used in your country? Is there empirical data on how often prior user rights are asserted as a defense in negotiations or court proceedings?

As far as is known to the members of this group, the Italian case law concerning prior user rights is poor.

3. To what degree must someone claiming a prior user right have developed the embodiment which is asserted as having been used prior to the filing/priority date of the patent? Is it sufficient to have conceived of the embodiment, or must it have been reduced to practice or commercialized?

The degree of development must be reduction to practice of the invention. Simple conception or preparation for reduction to practice, e.g. by way of experimental activities, is not considered a sufficient degree of development.

4. Does it make a difference in your country if

- **the prior use occurred before the priority date; or**
- **it occurred after the priority date, but before the filing date?**

According to the Italian Industrial Property Code, prior use shall refer to the twelve months earlier of the priority date, when a priority is claimed. Accordingly, it is believed that no right can be claimed for use occurred between priority date and filing date. However, there is no case law about this issue.

5. Is there a territorial limitation with regard to the scope of prior user rights in your country? In other words, if a party has used the patented invention before the filing/priority date in a foreign country, can it then claim a prior user right in your country?

Yes, prior user rights are subject to a territorial limitation. If before the filing/priority date of an Italian patent application a third party has used the claimed invention in a foreign country, it cannot then invoke prior user rights in Italy.

6. Is there a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor?

The Italian Industrial Property Code does not contain any provision excluding prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor.

7. Is it necessary that the prior user has acted in good faith to be granted a prior user right?

As far as is known to the members of this group, legal doctrine generally considers good faith an essential requirement to claim prior user rights.

8. Is there a material limitation with regard to prior user rights in your country? More specifically, if someone has used an embodiment of a patented invention before the

filing/priority date of the patent, can he then claim a prior user right to anything covered by the patent? In particular, is the owner of a prior user right entitled to alter/change the embodiment of the patented invention used before the filing/priority date of the patent to other embodiments that would also fall within the patent's scope of protection or is he strictly limited to the concrete use enacted or prepared before the patent's application or priority date? In the event that changes/alterations are permitted by your national law, to what degree?

The extent of prior user right is bound to the embodiment(s) as it(they) has(have) been used in the business activity of the prior user (see point 1).

The owner of a prior user right is not entitled to alter/change the embodiment used before the filing/priority date of the patent to other embodiments that would also fall within the patent's scope of protection. Moreover, the owner is strictly limited to the concrete use enacted or prepared before the patent's application or priority date.

9. Does a prior user right in your country require the continued use (or the necessary preparations of the use) of the invention claimed by the patent at the moment in which the objection of the prior user right is asserted or is it sufficient if the invention claimed by the patent has been used before the priority/filing date of the patent but has been abandoned at a later stage?

According to the legal doctrine, a continued use of the invention claimed by a patent at the time the objection of the prior user right is asserted, is not considered necessary.

10. Is a prior user right transferable and/or licensable in your country? If yes, under what circumstances?

According to article 68(3) of the Italian Industrial Property Code, prior user rights may only be transferred together with the business activity in which the embodiment was used. According to legal doctrine, prior user rights may be transferred with a business branch wherein the prior use occurred.

Prior user rights may not be licensed.

11. Does your national law provide any exceptions or special provisions with regard to a prior user right owned by a company within a corporate group? In particular, can a prior user right be transferred or licensed to another group company?

Our national law does not provide exceptions nor special provisions concerning prior user rights owned by a company within a corporate group. Prior user rights may be transferred only with a business branch wherein the prior use was made.

12. Are there any exceptions for any specific fields of technology or types of entity with regard to prior user rights in your country?

The Italian patent law does not provide any exception for any specific field of technology nor entity type.

13. The Groups are invited to explain any further requirements placed on prior user rights by their national law.

It must be emphasized that according to a recent decision of the Italian Supreme Court (5497/2012), prior user rights must be referred to the twelve months period before the filing/priority date and defined with regard to the extent of production carried out by the prior user in this period. Commercial exploitation deriving from the production is not taken into account for the assessment of the extent of prior user rights.

II. Policy considerations and proposals for improvements to your current system

14. Should a prior user right exist in any legal system? If yes, what is the main legal justification for a prior user right?

Prior user rights should exist in any legal system in order to mitigate the first to file system and to protect investments and activities carried out by a prior user under legitimate conditions.

15. What is the perceived value of prior user rights in your country?

The value of prior user rights is perceived as a way to mitigate the first to file system and to protect investments and activities carried out by a prior user under legitimate conditions.

16. Are there certain aspects that should be altered or changed with regard to the existing implementation of the prior user right in your country? In particular, are there certain measures or ways that could lead to an improvement and/or strengthening of your current system?

The group believes that the current implementation of the prior user rights under the Italian patent law is well balanced.

III. Proposals for harmonization

17. Is harmonization of “prior user rights” desirable?

Harmonization of prior user rights is desirable, also in view of the next coming into force of the Unitary Patent Regulation and the Unified Patent Court.

18. What should be the standard definition of “use” in relation to prior user rights? Must the use be commercial?

The group believes that the definition of use should be related to industrial or commercial exploitation. The simple invention or conception of the invention should not give rise to any specific right, since it may unduly restrict the right of a patent owner and contribute to legal uncertainty.

19. What should be the definition of “date” (or “critical date”) for prior user rights? (i.e. when must the invention have been used to establish a prior user right?)

The group believes that the critical date should be within the twelve months preceding the filing date of the patent application or its priority date, when priority is claimed.

20. Should a prior user right persist in the event that the use and/or preparation for use of the invention has already been abandoned at the time of the patent application/priority date or should the prior user right lapse upon the termination of the use and/or preparation of use?

The group believes that prior user rights should no longer persist in the event that the use and/or preparation for use of the invention has already been abandoned at the time of the patent application/priority date.

21. What should be the territorial scope of a prior user right? In particular, if a party has used the patented invention before the decisive date in a foreign country, should it then be entitled to claim a prior user right?

The group believes that prior user rights should have territorial limitations.

22. Should there be a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor? If yes, should it be necessary that the prior user has acted in good faith to be granted a prior user right?

The group believes that there should not be provisions denying prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor. In particular, prior user rights should not be limited by the fact that the invention was derived by the patent owner during the grace period, if any.

In this case it should be necessary that the prior user has acted in good faith to be granted a prior user right.

23. Should there be material limitation with regard to prior use rights? In particular, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, should he then be entitled to claim a prior user right to anything covered by the patent?

Prior user rights should have material limitations and should not be entitled to anything covered by the patent.

24. Should a prior user right be transferable and/ or licensable?

This group believes that prior user rights should be transferable together with the business activity in which the invention was used, said business activity also including a business branch wherein the prior use occurred.

25. Should there be any exceptions for any specific fields of technology or types of entity with regard to prior user rights?

The group sees no reason to make exceptions for specific fields of technology or entity type with regard to prior user rights.

26. The Groups are also invited to present all other suggestions which may appear in the context of the possible international harmonization of “prior user rights”.

The group believes that the grant of prior user rights should be based on the twelve months period before the filing date or the priority date of the patent application, when priority is claimed.

ABSTRACT

The Italian patent law recognizes prior user rights to whoever has made use of the invention in his own business during the twelve months period prior to the date of filing of a patent application or the date of priority thereof. Reduction to practice of the invention is required.

Prior user rights are subject to a territorial limitation and their extent is bound to the embodiment(s) as it(they) has(have) been used in the business activity of the prior user (see point 1). Commercial exploitation deriving from the production is not taken into account for the assessment of the extent of prior user rights.

Prior user rights may only be transferred together with the business activity in which the embodiment(s) was(were) used and also with a business branch wherein the prior use occurred. Prior user rights may not be licensed.

Harmonization of prior user rights is desirable, also in view of the next coming into force of the Unitary Patent Regulation and the Unified Patent Court.

Use of an invention should be assessed based on industrial or commercial exploitation, whereas simple conception of the invention should not give rise to any specific right.

The grant of prior user rights should be based on the twelve months period before the filing date or the priority date of the patent application, when priority is claimed.

Prior user rights should no longer persist in the event that the use of the invention has already been abandoned at the time of the patent application filing/priority date.

Territorial and material limitations are considered necessary to define the scope of prior user rights, which should be transferable together with the business activity in which the invention was used, said business activity also including a business branch wherein the prior use occurred.