

Question Q228

National Group: Egyptian National Group
Title: Prior User Rights
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Questions

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")?

According to the Egyptian Intellectual Property Law ("IP Law"), Article 10 states an exception to the exclusive rights of a patent holder for parties who have used the invention before the filing/priority date of the patent ("prior user rights").

Article 10 provides for the above exception which stipulates that the patent shall confer upon the patent holder the right to prevent third party from exploiting the invention by any means

The following actions shall not be considered as infringement of that right when carried out by third parties:

.....

- (2) Where a third party proceeded, in Egypt, in good faith, with the making of a product or use of a process or made serious preparations for such activities prior to the date of an application for patent by another person for the same product or process. The former shall, notwithstanding the grant of patent, have the right to continue with such activities only within his enterprise and without extending the scope of those activities. Such right shall not be assigned or transferred without the other elements of the enterprise.
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?

According to our local practice, the prior user rights have not been used before. The prior user may assert his defense in negotiations or court proceeding based on his good faith, and that he makes a product or uses a process or makes serious preparations for such activities prior to the date of an application for patent by another person for the same product or process.

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?

It must have been reduced to practice or commercialized.

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?

The prior user right should occur after the priority date, but before the filing date.

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?

According to the Article 10 (2) mentioned above, the prior user has the right to continue with such activities in Egypt without extending the scope to other territories.

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?

According to Article 10 (2), the prior user right will be excluded in case of bad faith, which includes deriving the knowledge from the patent holder.

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

Yes, it is necessary that the prior user has acted in good faith to be granted a prior user right.

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?

Yes, there is a material limitation with regard to prior user rights in Egypt. According to Article 10 (2), the owner of a prior user has no right or entitlement to alter/change the embodiment of the patented invention used before the filing date of the patent to other embodiments that would also fall within the patent's scope of protection. He is strictly limited to the concrete use enacted or prepared before the filing date of the patent application in Egypt. The changes/alterations are not permitted.

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?

Yes, the prior user right has the right of the continued use or the necessary preparation of the use of the invention claimed by the patent at the moment in which the objection of the prior user right is asserted.

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

The prior user right cannot be assigned, transferred or licensed alone, except with the other elements of the enterprise.

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?

No, the Egyptian Patent Law does not provide any exception or special provision with regard to a prior user right owned by a company within a corporate group. Therefore, according to Article 10, the prior user right cannot be assigned or transferred without the other elements of the enterprise.

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

No, there are no exceptions for any specific fields of technology or types of entity with regard to the prior user right in Egypt.

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

We believe that our answers above are sufficient to fulfill all the above questions.

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?

Yes, the prior user right should exist in any legal system. The main justification is to maintain the balance between the right of the prior user, in good faith, and that of the patent holder.

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

The perceived value of prior user right is to allow further rights in investments and industrialization.

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?

We believe that the provision of Article 10 of the IP Law is quite adequate.

III. Proposals for harmonization

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

Yes, harmonization of the “prior user rights” is desirable.

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

It seems that the reasonable definition of “use” should be “The actual and real present practical commercial exploitation of the invention before filing the application in addition to the good faith of the user”.

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 definition of “date” for the prior user rights is the date on which the product is made, a method is used to make a certain product or serious preparations are adopted for that.

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 prior user right persists in the event that the use and/or preparation for use of the invention have already been abandoned at the time of the patent application, on condition of good faith.

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 territorial scope of the prior user right should be limited to the country of prior user only.

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?

Yes, it is necessary that the prior user right 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?

Yes, there should be a material limitation within the embodiment he made, without any improvement or expansion.

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

The prior user right shall not be assigned or transferred without the other elements of the enterprise. In light of such a position, we note that the Legislator is keen to strike a balance between the right of the first user and the owner of the patent, so it should not be the expansion of the right of the first user. Therefore, we believe that the prior user right cannot be licensable.

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

We believe that there should not be any exception for any specific fields of technology or types of entity 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".

Although the first-to-file system rewarded the inventor who files his application first, with exclusive right for a limited period of time, the Egyptian legislator by Article 10 in the IP Law decided to make this exclusivity effect diluted. In this regard, we believe that the legislator was very careful to establish the balance between the inventor rights and the good faith of the first user rights. In return, the first user right has been limited by allowing the first user to continue with such activities only within his enterprise and without extending the scope of those activities to territories outside Egypt. Furthermore, such right cannot be assigned or transferred without the other elements of the enterprise.

Summary Q228

The issue of the prior user right of a third party to continue the use of an invention where that use began before a patent application was filed for the same invention, is permitted in accordance with Egyptian law.

To activate the prior user right, the law provided two conditions:

- The product, the process or preparations for such activities should have taken place prior to the date of an application for patent for the same product or process.
- The good faith of the prior user.

Despite the right of the prior user, this right is restricted by allowing the activities only within the enterprise and without any extension for scope of those activities. Such right shall not be assigned or transferred without the other elements of the enterprise.

In light of the consideration of the first user right, it is obvious that the Egyptian legislator meant to dilute the exclusive right of a patent holder. In this regard, we believe that the

legislator was very careful to establish an equilibrium between the inventor's rights and the good faith of the first user rights.