

ARTICLE:

WIPO PROGRAMS AND ACTIVITIES FOR THE REDUCTION OF PATENT COSTS

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I. Introduction

My objective here is to explain WIPO's programs and activities for reduction of patent costs. I hope that this will give you an overview of what my organization is doing, and will be doing, to reduce patent costs at the international level.

The discussion will be divided into four main parts. First, I will focus on the activities of WIPO in the field of harmonization, and in particular on the activities related to the area of patents. Second, I would like to mention certain specific measures—for example, centralization or enforcement issues—which are or may be addressed in the context of WIPO. Third, I will briefly explain to you the importance of information technologies for the reduction of patent costs. The discussion will then conclude with a summary of possible future activities related directly or indirectly to the reduction of patent costs.

The demand for the reduction of patent costs dates back to the origin of patent protection. Obviously, the cost of obtaining and maintaining a patent has always been a decisive criteria for answering the question of whether to seek protection of an invention or to keep it secret. Initially, the question was not the central issue, since patent protection was limited by national boundaries and the markets were not as interdependent as they are today. The question of patent costs, however, has received more specific attention with the creation of international patent protection systems.

* Introduction by Professor Harold Wegner: Shozo Uemura spent a generation working in international patent diplomacy. He was first appointed to the position of First Secretary of the Japanese Mission in Geneva 17 years ago. I met him 14 years ago in Geneva where he invited me for lunch at a castle in Geneva and I've been impressed with him ever since. He is no longer a Japanese government official. He is the Deputy Director General of the World Intellectual Property Organization.

Since the beginning, the objective of such systems was to facilitate access to patent protection internationally. The establishment of early harmonization treaties like the Paris Convention for the Protection of Industrial Property Rights was driven by the desire to harmonize basic principles on an international level. These efforts were not only for the benefit of the users of patent systems, but also reflected the growing need for international protection due to increasing economic activities across national borders. However, the driving force behind the idea of harmonization was, and still is, the economic need to render patent protection financially available for inventors. Indeed, every step towards harmonization leads directly or indirectly to a reduction of costs.

The need for further reductions in costs achieved by additional harmonization of patent protection systems has become an even more important issue to economic operators in recent years. This is due to the increasing globalization and interdependence of national economies, and the consequent necessity to extend patent protection to a growing number of countries. Among the main international efforts undertaken to that end, the following list, which is not exhaustive, may be mentioned:

1. The Patent Cooperation Treaty (PCT)
2. The European Patent Convention (EPC)
3. The extension agreements concluded between the EPO and certain eastern European countries
4. The efforts toward the creation of a community patent
5. The Eurasian Patent Convention (EAPC)
6. The establishment of an African Intellectual Property Organization (OAPI)
7. The Harare Protocol, adopted in 1982, in the framework of the African Regional Industrial Property Organization (ARIPO)
8. The Agreement on Trade Related Aspects of Intellectual Property Rights ("TRIPS Agreement")
9. The establishment of the Patent Office for the Gulf Cooperation Council of the Arab States (GCC)

II. WIPO's Activities for the Reduction of Patent Costs

Against this general background, let me turn to the activities of WIPO in the area of patent cost. In an environment of increasing harmonization of economies, and as a consequence also of patent systems, WIPO has a major role to play since one of its main tasks is precisely to encourage worldwide protection and harmonization of intellectual property. In addition, WIPO

already administers several international treaties in those fields. WIPO's particular contributions to the reduction of patent costs are discussed below.

A. Harmonization Treaties in the Field of Patents

1. Draft Patent Law Treaty

In the field of harmonization as such, one of the most important initiatives undertaken by WIPO, following its attempt to reach an agreement on substantive harmonization in 1991, is the Draft Patent Law Treaty (PLT). This initiative aims at harmonizing national patent formalities throughout the world. Without giving an exhaustive list here, the draft PLT contains provisions on the following:

1. allowable requirements which countries impose to accord filing dates;
2. the contents of patent specifications and applications;
3. representation;
4. the recording of a change in applicant or owner;
5. the recording of a license agreement or security interest;
6. correction of a mistake in the application of a patent; and
7. harmonization requirements for changes in the applicant/owner.

Other user-friendly provisions include the obligation of offices to notify applicants and owners of any non-compliance with procedural requirements, and provisions concerning adequate time limits for subsequent compliance with such requirements. In addition, offices will be required, with some exceptions, to provide for relief with respect to non-compliance with time limits fixed by the office, subject only to a request and payment of a fee. Such provisions would be particularly helpful in cases where applicants would otherwise face a possible loss of rights, which could be enormous.

A further major achievement has been the incorporation by reference of many of the provisions of the PCT into the PLT. These provisions concern the form or contents of an international application, and, if agreeable, the requirements which may be imposed under national law at the time the international application enters the national phase. Thus, a large parallelism concerning applicable formalities for both international and national applications would be achieved. Under these conditions, an office would not be permitted to impose formality requirements that are more onerous than those applicable under the Patent Cooperation Treaty (PCT).

A further issue under discussion is to allow applicants to use a PCT request form to file a national application, subject to an indication to the effect that the application is to be treated as a national application. Ultimately, this may even provide for the possibility of using a PCT request form for both national and international applications, if the PCT decides to modify that request form accordingly. This would constitute a major step forward towards a full harmonization of national and international patent procedures.

Finally, the draft treaty aims at facilitating the implementation of electronic filing of patent applications and other communications to the advantage of both offices and their users. At the same time, the treaty seeks to preserve the interest of the users, particularly in developing countries, which do not have access to the required technology. Indeed, no contracting party could be obliged, against its wishes, to accept the filing of applications in electronic form or by electronic means, or to exclude the filing of applications on paper. However, if a contracting party permits the filing of communications in electronic form, it has to accept the electronic filing of such communications that comply with the relevant requirements under the PCT. This would certainly facilitate the establishment of a *de facto* standard for the electronic filing on the national level.

A diplomat conference for the adoption of the Patent Law Treaty is scheduled to take place in May-June 2000. The harmonization of the different procedural aspects among national patent laws is expected to result in easier access to worldwide patent protection and in significant cost reduction in those procedures for applicants. It should also reduce the administrative costs of the patent offices of both industrialized and developing countries, a benefit that could be passed on to the applicants in the form of lower fees as well as representation cost. Therefore, the Patent Law Treaty would be a great advantage for applicants from foreign countries and, in particular, for applicants from smaller or developing countries. Foreign applicants will be able to rely on a known set of formal requirements for filing applications abroad. In addition, the cost reductions will be particularly relevant to applicants who wish to protect the inventions in a significant number of countries.

2. *Patent Cooperation Treaty (PCT)*

Let me now turn to the one of the most important treaties among the WIPO administered treaties, the PCT. The basic objective of the PCT is to provide a single procedure for the filing of international petitions. This

system has proved to be very successful; since in 1998, as you may know, some 67,000 international applications were filed.

Under the PCT, several measures for fee reductions as such have been introduced recently. One example is that, as from January 1, 1999, applicants using the PCT easy software benefit from a discount of 200 Swiss francs per application. Furthermore, the PCT reduced the maximum number of designation fees from 11 to 10. These two measures together amount to a cost saving of 15% per international application for applicants designating all PCT contracting states and using the PCT easy software.

A further fee reduction is foreseeable, if approved by the PCT assembly in the September session, which consists of two elements. First, the amount of the designation fee paid for each designation will be reduced from 150 to 140 Swiss francs. Second, the maximum number of designation fees payable would be reduced from 10 to 8. These two measures together would amount to a cost saving of 17% per international application.

Notwithstanding the success story, it must be acknowledged that PCT could be further improved, thus becoming more attractive to applicants. One possibility, which we're exploring informally, is the idea of a certificate of patentability. The proposal would provide for a PCT Certificate of Patentability (PCT-CP) issued by the international bureau at the end of an additional procedure during the international phase. That additional procedure would consist of extending the preliminary examination procedure under Chapter 2 by another 18 months. This would enhance the chance of the examination leading to free positive results as to the patentability of the invention. In case of such positive results, a PCT-CP would issue. The elected offices participating in the new system would not, once the applicant has entered the national phase, re-examine whether the conditions of patentability, as defined in PCT, have been met. Nevertheless, the final decision to grant or refuse a patent would remain with those offices.

There would be no need to revise the PCT or to conclude a protocol to the PCT in order to establish the PCT-CP system. It would be sufficient to amend the PCT regulations. The participating PCT contracting states would also amend their national laws or regulations in order to extend the time limit for entering the national phase before the offices. Such amendments would extend the time limit to 48 months from the priority date whenever the applicant chooses to use the PCT-CP system. The particular advantages of the new proposal would be to eliminate or at least reduce the present duplication of examination work, and thereby streamline and reduce cost of the national fees of the PCT procedure. The further deferral of costs connected with the entry to the national phase is an additional advantage.

Finally, where the applicant has received the PCT certificate of patentability, the procedure in the national phase before the participating elected offices would be simplified.

B. Specific Measures Not Related To Treaties

Having dealt with the main treaties in the field of patents, let me now turn to specific issues being addressed, or which may be envisaged to be addressed in the framework of WIPO.

1. Centralization

To avoid duplication of the same work in many offices, some specific measures should be considered in the field of centralization of certain aspects of patent law. The central recording of changes in ownership or representatives of patents or patent applications, of DNA listings, or of licensing or security agreements constitute examples of useful measures which are currently or soon will be considered by WIPO.

2. Enforcement

A further aspect, which you may agree with me on, is that the objective of reducing patent cost will not be fully realized if the implemented measures are limited to examination and granting procedures. Indeed, an important part of the cost related to patentee arises in the context of patent litigation or other enforcement issues after the grant. In the field of patent enforcement, there are presently two areas where WIPO is active and can assist patentees. The first is the WIPO Arbitration and Mediation Center, established in 1994 as part of the international bureau in Geneva. The other is the advisory committee on protection of industrial property rights. This committee will hold its first meeting in November 1999.

The WIPO Arbitration and Mediation Center offers arbitration and mediation services for the resolution of commercial disputes between private parties involving intellectual property. The dispute resolution procedures offered by the center constitute an alternative to court litigation and may be to significant cost savings compared to conventional court litigation.

The second forum that needs to be mentioned here is the Advisory Committee on Protection of Industrial Property Rights. Under the current proposal, subject to changes and the Committee's definitions of its own activities, it will consider current issues of enforcement of rights, including infringement of patent and the counterfeiting of trademarks and designs.

The Committee may also address other enforcement issues, such as exhaustion of industrial property rights, or practices of national courts. In view of the fact that harmonization of patent laws is progressing differently in different areas, it is of the utmost importance to follow the same direction with respect to enforcement issues. I believe that you share the view that there is a certain cost reducing potential contained in these issues as well.

C. Information Technologies

Let me now address a further issue which has an increasingly will have considerable influence on the reduction of patent costs, the modern information technologies. You are all aware of the fact that modern information technologies increasingly influence or even determine large proportions of our daily life. This is of course also the case in the field of patents. Examples of such developments can be found in the Japanese Patent Office where electronic filing and storage of applications has already reached an advanced stage. This is also true at the US Patent and Trademark Office, or at the European Patent Office, where the project called "Epoline" is expected to be implemented in the near future. The possibility of filing and storing applications and patents, and transmitting any communications in digital form will significantly contribute to cost savings.

WIPO is among those organizations that participate actively in such developments. It already uses modern technologies, one example being the PCT Easy software that allows the filing of the PCT request form on a diskette. Major steps are planned for the future with the further development and implementation of modern means offered by information technologies. Under the auspices of WIPO, the planned WIPONET, which aims at creating a network between WIPO and offices of the member states, may lead to important simplifications especially in conjunction with the creation of digital libraries. Some of the main features of WIPONET will be: (1) connection between intellectual property offices, (2) access to the PCT services, (3) access to digital libraries, (5) distance learning courses, and (6) access to the WIPO arbitration center.

In terms of cost reduction, in addition to the general advantage of paperless communication and transmission of documents, it will be of great advantage to have access to global intellectual property libraries. For example, it will ensure access to priority documents, stored in electronic form, without requiring the applicant to file the documents in each case and every office. Another useful measure will consist of the introduction of electronic form and formats that are internationally accepted. These documents will

allow applicants to use a single form or format in a large number of countries. Furthermore, the use of modern information technologies will significantly facilitate access to patent information.

III. Future Developments

As we've heard from the presentations given here, many efforts are currently underway to reduce patent costs on a national, international, and regional level. These efforts have already led to considerable results, but, in view of past and current developments, the trend toward globalization in the field of patents will continue. For many, the ideal status would be a single unified patent body throughout the world. Indeed, in terms of costs, this appears to be the most appealing solution. However, since there are other issues to take into consideration, for instance, issues of national or political nature, the objective of reaching a political solution for a single worldwide patent may not be that easy to achieve.

A system where harmonization would concentrate on the most important aspects of the patent law and leave other less relevant aspects to the discretion of the national laws may already constitute a big step forward. In the meantime, the worldwide discussion, to further decreases in patent costs as a precondition to further harmonization of patent laws, must continue.

However, further improvements will require additional steps and an enhanced willingness to cooperate among all players involved. Some possible steps to achieve this goal may be:

1. Easy access to and concentration of existing databases on prior art.
2. Harmonization of the main conditions of patentability, for instance novelty, inventive step, industrial applicability, usefulness, etc.
3. Mutual recognition of search and examination results by national and regional patent offices based on agreed guidelines and training of examiners, followed by quality control measures.
4. A further important step, which can only be realized after harmonization of the substantive conditions for patentability, is the question of enforcement on a worldwide level. Since a significant part of the costs related to patents are directed toward enforcement, particular attention will be required at that point. Even if the establishment of one or several courts, specializing in patent questions, constitutes an attractive option in theory, sovereignty questions will probably prevail for some time in the future.

Some of these measures are already under consideration, for example in the framework of the Trilateral Cooperation (Japanese Patent Office, European Patent Office, United States Patent and Trademark Office) discussions in which WIPO is involved, or under the PCT.

IV. Conclusion

I hope that I have given you some insight into at least some of WIPO's activities related to patent cost reductions. It is in the interest of the users that we all make efforts to reduce patent costs to facilitate access to international protection systems, and thereby contribute to worldwide technological progress.

WIPO's contribution in this area is twofold: (1) under the guidance of its member states, it may direct measures concerning cost reductions, for instance in PCT fees; and (2) WIPO also works indirectly toward reduction of patent costs by promoting harmonization. Whether these efforts will lead to harmonization of the substantive criteria of the patent law, or even to a unitary international patent system, a major step towards cost reduction, remains an open question. The answer depends on the willingness and solidarity of all players involved. WIPO remains prepared to contribute to any improvement which may serve as common ground for those players to move ahead.