

PRESENTATION:

**INTERNATIONAL PATENT REFORM EFFORTS:
A UNITED STATES PERSPECTIVE**

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I would like to thank Professor Takenaka and her staff for a very well-organized conference. I think this is a great opportunity to bring together many different people from throughout the world, as well as the participants, who seem to be a very good representation of various countries and views.

Before I get to my presentation, I would like to make a few comments on some of the comments made by others.

I think that Professor Adelman raises a very good point about the situation in countries such as Jordan and some of the smaller patent offices throughout the world and in developing countries. Some countries do not have offices yet. There is no question that the TRIPS agreement required a lot of work and change on the part of many countries. I think that, in the end, this work and the necessary changes will be of definite benefit to all countries. There is no question in my mind, or in the mind of the U.S. government, that a strong patent system paves the way for economic and technological development. Perhaps there are some people at the WTO meeting in Genoa, Italy that have a different view right now, but I think that, from the US government's point of view and from that of most of the developed countries in the world, we will, hopefully, stand firm against any erosion in that regard.

However, we feel very strongly that countries such as Jordan need to set up a system that is soundly, administratively put together. They need to have a mechanism for receiving applications and processing those applications to grant patents. Now, how they get to the grant is another issue. We think that those countries – I am not singling out Jordan, but as an example – those countries should really leverage the work of other offices. We have encouraged countries in the developing world to set up confirmation systems. These systems allow developing countries to take patent grants from other major developed systems and go through a formalities procedure with the application filing, conform claims to those of a granted patent, and then proceed to a grant in that country. At the same time, especially for domestic origin applications, those countries can take advantage of the PCT system to obtain searches and examinations at one of the international searching or examination authorities.

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We find that the need for encouraging those types of systems is very strong. In developing countries, scientists and engineers of the types needed in patent systems and offices are better off dedicating their efforts to their countries' technological development, as opposed to providing the ministerial functions of a patent office. We believe that those countries wanting to set up a full-blown patent office with full-blown searching and examination are setting themselves up for an internal brain-drain down the road, which is not the best use of the country talent. That is one of the big issues confronted in the United States, and certainly in my office. In both bilateral and multilateral discussions on these issues, we try to get the countries to adopt confirmation systems and use the PCT system to the maximum extent possible.

There was a previous comment on the separation of efforts related to collaboration and harmonization. We will try to keep things a little bit separate, but it is going to be difficult because we feel strongly that harmonization will pave the way to collaboration. Certainly if we have standards that are more similar, it will be much easier for one office to adopt the work product of other offices throughout the world. However, even without harmonization there can still be a great deal of collaboration, because there can always be some sort of search or supplemental examination, even if we are using the work products of other major offices.

Also, Professor Adelman has commented on the first-to-invent vs. first-to-file issue in the United States. We are working on that issue diligently. Besides having meetings at the patent office with representatives from all interested circles, which generally includes bar groups and inventor groups, we are now facilitating ways for the two groups to get together on their own. So the proponents of first-to-invent and the proponents of first-to-file are sharing and airing their differences on the issues. In general, while this remains a fairly political issue in the United States, it really is educational for many.

A few comments on the issue of predictability among offices. As an inventor takes his/her invention throughout the world, one of the underlying objectives of our efforts in the U.S. Patent and Trademark Office, and on behalf of the U.S. government, is predictability. We want an inventor to be able to make an assessment that, based on the results of a given country, they will also be successful in obtaining patent rights throughout the rest of the world.

We would like to limit issues of infringement and litigation. Certainly, the increasing cost of enforcing patents will have to be taken care of, in the long run. When you have a strong patent with everything necessary in it and a good set of valid claims, but you cannot enforce it throughout the world because costs are prohibitive, that represents another major obstacle to a good strong patent system.

I will say a couple things about the grace period. There was a limited discussion on grace period at the May meeting of the Standing Committee on Patents. It was an interesting discussion from the United States perspective. We have always been strong proponents for the adoption of an international grace period. We think it is absolutely essential for inventors to have the benefit of a grace period to avoid mistakes in international filing. The limited discussion revealed that there are robust grace periods throughout the world. Sixteen or more countries contributed to the discussion; all of these countries, except for the United States, are first-to-file. What the discussion showed us is that the attempt over

the years to link the first-to-file issue to some sort of deal for a grace period is not really valid, in terms of the U.S. system. To us, you can have a robust grace period in a first-to-file system. Thus, the attempt to make some sort of deal off this issue between the United States and the rest of the world has, perhaps, evaporated a bit. So we would really like to see the grace period issue de-linked from the debate of first-to-file and first-to-invent.

Following up on Mr. Uemura's comments on the issue raised by the Dominican Republic at the last Standing Committee on Patents on genetic resources – again, I do not know if people have followed this issue over the past couple of years. The United States was very disappointed to see this issue raised in the context of the draft Patent Law Treaty. We spoke out strongly against the issue. We feel that, while the matter of genetic resources and access to them is very important for those countries, they are in fact affected by bio-piracy; we do not feel the issue has any relevance to the Patent Law Treaty and substantive harmonization discussion. We also think there may be some inconsistencies with the TRIPS Agreement and incorporating that type of requirement into the treaty. Thus, we will continue our strong opposition to the issue. We hope we do not see it in any type of provision in the treaty in the future. We think the issue of access can be dealt with outside the treaty, hopefully, in the new committee set up for just that matter.

I will now return to the heart of what I wanted to speak about: first, what we see as inevitable in worldwide patent reform; second, some of the reform efforts to date; and finally, what we see as next steps for reform.

Many pieces of the groundwork of reform have been laid, in the United States and throughout the world. As I mentioned before, we feel there is a strong correlation between strong patent protection in a country and economical and technological development. Back in 1998, we extracted statistics about those matters and plotted Patent Grants v. GDP. The evidence shows a strong correlation between the two. We have tried very hard to show those countries struggling with development issues that one of the basic things they have to do is to implement a good structural patent system, and then hope that things fall into place.

Shozo Uemura has talked about patent application filing increases throughout the world; and we have talked in terms of costs associated with obtaining, maintaining, and litigating patents. Everyone knows that they are pretty much out of sight and unmanageable. What we would like to see for the obtaining and maintaining part would be that those costs become basically negligible and relative to the business at hand. Also, that a business need not have to decide whether or not to go ahead and get patent protection. No one should be foreclosed because of the prohibitive costs.

One thing that I don't think people really have touched upon yet is that many patent offices throughout the world, especially the USPTO, have spent an inordinate amount of money on "automation projects." We hope that at some point in time we will reap the benefit of this automation, in terms of enhanced communication among offices, to facilitate things like work sharing, database searching, search strategies, and things of that nature.

In terms of patent reform progress to date, I think that just about everyone is aware of all of the features we have in our system today. With regard to patent harmonization, certainly we can all be proud to go all the way back to the Paris Convention of 1883. From there the system has evolved all the way up through the regional arrangements in existence

today: the EPO, the Eurasian Patent Office, and the two regional arrangements in Africa. We recently concluded the Patent Law Treaty last summer. The United States, for your information, is right now preparing an implementation package for that treaty to go through the ratification process, through interagency approval, and on to the Senate for approval.

In terms of next steps, the United States is very interested in PCT reform. We would like to see, at some point in time, some sort of convergence of national and international practices. I think that if we make a combination of the PLT and PCT reform, hopefully, in about a year or two – or maybe that is a little optimistic – the differences between national and international filings will be minimized.

We are also very interested in substantive patent law harmonization. Shozo Uemura's presentation provides a lot of detail on this subject, so I will not get into it much. Right now, the U.S. is awaiting the redrafts of the November 2001 meeting and looks forward to reacting to them. I hope the positions of the various countries will start to converge.

Nevertheless, I must say, we have a lot of work to do because there are still a lot of isolated positions in the negotiation. On top of the rather multilateral efforts on PCT reform and substantive harmonization, we also have trilateral cooperation among the USPTO, JPO, and EPO. Right now these three offices are focusing on workload issues. I would say that we are confronted with workload issues that, in some instances, are almost at crisis proportion. We are doing what we can to leverage the common work we do among ourselves and, hopefully, to show that work. Along with that, we are working on a trilateral network which would electronically hook-up all three offices. There is the WIPO net, which will do the same but on a much grander scale after full implementation. In terms of workload issues, we have work sharing, full faith and credit, mutual recognition, and whatever else you want.

As I mentioned, with respect to developing countries, there will be a time when we'll have to take a leap of faith and just [implement uniformity] among all offices, to minimize the duplication going on among offices throughout the world. Ultimately, we will have this thing that people have been throwing around for years and years, the concept of the global patent. We don't know what it is going to look like yet, but I guess that is what we are all striving for in some way.

I wanted to focus a bit on PCT reform. I would just say that, in terms of getting this effort started, many people throughout the world have been talking about it for some time. The United States put together a proposal last year that has, hopefully, provided a good foundation from which reform efforts can begin. Other proposals have been brought to the floor by many other countries. At the main meeting there were 23 documents, and perhaps 21 or 22 of those contained proposals for reform. Some were very good; many were reactions to the U.S. proposal. We hope that the working group will also deal with the ideas and concepts in those proposals.

Just to give a brief outline of what the U.S. proposal dealt with, we were very interested in simplifying the PCT to make it conform to the PLT, mostly in the area of filing date issues. We also had what we called the second stage of our proposal, or second stage of reform. It was a much more dramatic overhaul of the PCT, but I think now that something like that is going to come later in time. The Committee for Reform has as its mandate a focus on the first stage of reform and those types of issues. We would like to see

something come out of the first stage of reform within the next five years. I think that we could certainly see rule changes in place by September of 2002, if not sooner. However, the United States is also interested in reforming the treaty itself, and that means the articles; thus, that may take a bit longer.

The United States' current focus in PCT reform is a kind of hybrid proposal that came out of the May discussions of the Working Group. It basically draws from both the U.S. proposal and some comments in the EPO document. It would provide, as a combined effect, national stage entry at 30 months for all applications. We hope to see that provision adopted at the September 2001 Assembly meeting. We are very interested in getting that done as soon as possible, because it really provides a basis for all of the reform proposals that gained any credibility at the May meeting.

We want to see a combination of search and examination. Right now, the fact that examiners have to pick up applications a couple of different times to perform the functions of the PCT is fairly inefficient. We would like to see both search and examination done at the same time. This would really manifest itself in terms of an expanded international search report, useful for not only the developed countries and the international authorities, but also developing countries concerned about getting fewer current IPR's (International Preliminary Reports) out of the system in place today. We feel that if that is done we can minimize the need for generating IPR's; they would be triggered only if there is a response to the expanded international search report.

In terms of next steps, I talked about convergence of national and international practices. Certainly, the recently concluded PLT, which was a formalities-based treaty, incorporates the form and content requirements of the PCT. Then, we add on top of that a reformed PCT. Our objective would be to have the ability, for an inventor and applicant anywhere in the world, to prepare a simplified application in one format and use it everywhere. Whether it is an international application or a national application, no one in any given office or any receiving office in the PCT would be able to deny the filing date or the processing of an application, because they would all have similar basic requirements.

With respect to substantive harmonization, one of the buzz phrases used in terms of articles, regulations, and guidelines has to do with the issue of "deep harmonization." It gets back to the issue of predictability. We want a treaty that will have a developed consensus among all the countries. Hopefully, we will have a treaty such that, when it's concluded, people won't be able to have different opinions about implementation, because we will have agreed upon, not only the treaty articles and rules, but also have the guidelines. Everyone should pretty much understand their obligations in terms of patentability requirements. We feel that this objective of deep harmonization is viable. It will lead to predictability. It will facilitate work sharing and mutual recognition among offices, and full faith and credit among offices as well.

We talked a little about trilateral cooperation. One interesting statistic, in terms of what we do at the U.S. Patent and Trademark Office: fully 75% of the work done is repeated somewhere else in the world at some point in time. We have to come up with something to eliminate repetitious work. In order to achieve that, we are going to have to improve information exchange among the offices. There may be a proposal coming out whereby we will be able to leverage the work product of the office where an application

originates, and give better credibility to that work product as the application goes through the other two offices. The trilateral network will likely come into play here.

There are many issues in terms of the databases and the search tools used. We talked about them for years in the context of the trilateral cooperation. I think that at some point we will have to make sure we are all using the same tools, to arrive at a more similar search product. Right now there is great divergence, even in a given application with the same claims. The search product received from the JPO, USPTO, or EPO is very different – we have to do something about that. Interestingly, while the search product is very different, the basic conclusion is similar about 94% of the time, in terms of patentability.

I talked a little about the WIPO net. We feel that this is a very important initiative on the part of the WIPO. It will not only help the major patent offices throughout the world, but will also hook up smaller offices and really help them gain access to a good deal of information helpful to them in granting patents.

I already talked about work sharing. We feel strongly that the efforts on harmonization being done in the Standing Committee on Patents are indeed separate from the issues relating to collaboration. The fact remains that the closer we get to having a common standard throughout the world, the more easily will the work product of a given office be transferred to another office – and be relied upon.

We do have the issue of sovereignty to be concerned about. This really becomes a political matter – there is a lot of ambitiousness regarding the discussions going on right now at WIPO. We are at an early stage, so have not yet confronted the matter in terms of work sharing. However, I think that as we go further down the road, and as issues develop in the trilateral offices, the issue of sovereignty is going to be dealt with. Simply put, if a patent is granted in Japan or in the EPO, somehow the United States is going to have to get over the issue. We are going to have to rubberstamp it, just the way we ask developing countries to do it. We would ask the JPO or the EPO to rubberstamp the grants from the United States, and vice versa. It is a rather dramatic issue for patent people to deal with. It is a politically sensitive issue, but I think at some point the leap must be taken.

Then again, we will someday have global patents, where rights of inventors will be recognized without having to seek patent protection throughout the world. But we really do have a lot of work to do. We are in the early stages of discussion on substantive harmonization, workload issues, and mutual recognition. I think we are going down the road and, hopefully, we will have a meaningful result at some point in time.

We have concluded the PLT. We have some good work already behind us, in terms of substantive harmonization. We are working on PCT reform, and we are doing a lot of work in terms of trilateral cooperation. I think it is really coming together right now, but we still have a long way to go. When we conclude the substantive harmonization and work out what may be done in terms of collaboration, I think we will be better positioned to serve the users of patent systems throughout the world. I think it is important for us to reduce the costs, reduce the processing, simplify and streamline.

Thank you.