

PRESENTATION:

**DEVELOPMENTS IN
SUBSTANTIVE PATENT HARMONIZATION
AND PCT REFORM**

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Good afternoon, ladies and gentlemen. First let me convey to you best wishes from Dr. Kamil Idris, Director General of WIPO – the Wallingford Intellectual Property Organization. [Laughter.] It is a pleasure for me to be here today to speak about the work WIPO has done on patent law harmonization and Patent Cooperation Treaty (PCT) reform.

As you know, worldwide harmonization of patent law has made great progress during the past decades. Indeed, in 1970, the very successful PCT was established, which allows filing of a single international application with the possibility of designating some or all contracting states of the PCT. The PCT continues to play a key role in developing the Intellectual Property Protection System and enhancing the protection of inventions worldwide.

A milestone in the history of harmonization was the conclusion of the Patent Law Treaty (PLT), on June 1, 2000. The PLT harmonizes formalities of national and regional patent applications and patents, but expressly excludes substantive issues of patent law.

These two treaties achieved great progress in accomplishing worldwide patent law harmonization. Nevertheless, substantive conditions in the area of granting patents are still not fully harmonized worldwide, by either the PCT or the PLT.

Meanwhile, patent activities are growing worldwide. For instance, in the United States between 1988 and 1998 the number of patent applications and patents doubled, while the number of European applications in the European Patent Office increased from 59,000 in 1995 to 140,000 in 2000. The number of PCT applications is also growing each year and exceeded 90,000 applications last year. During the month of May alone, the International Bureau of WIPO received 10,122 international applications, filed with the PCT receiving offices worldwide. That was the first time in any month since PCT operation began that the threshold of 10,000 applications was exceeded.

Patent offices in both developed and developing countries are suffering from increasing workloads and lack of resources. Both users and patent officers are becoming more cost sensitive, while being confronted by issues related to international property protection in the context of emerging new technologies.

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These and other developments stimulated member states of WIPO to request that the organization explore and examine the feasibility of harmonizing substantive requirements of national and regional patent laws, as well as reforming the PCT to make it more user-friendly and a more effective instrument in helping to secure worldwide protections.

Against this backdrop, I will first address the initial steps taken by WIPO in view of the harmonization of substantive patent law; and second, the work recently undertaken to reform the PCT.

Some of you may remember that negotiations began at WIPO as early as 1985. The original draft harmonization treaty included substantive and formal aspects of patent law. The draft treaty was presented to a diplomatic conference in 1991, but was never adopted due to a divergence of views on some issues; in particular, the first five clauses on “first to invent” and the introduction of a grace period. In view of the difficulties in proceeding with substantive harmonization, in 1994 WIPO and its member states proceeded to work on a treaty on the harmonization of patent formalities, which resulted in adoption of the PLT on June 1, 2000.

After the successful conclusion of the PLT, and in view of the developments I’ve mentioned, member states of WIPO, in a full session of the Standing Committee on the Law of Patents (SCP), decided to start discussions on the treaty. The aim was full harmonization of substantive patent law. Although the socio-political climate today is different from the one in 1991, the difficulties ahead in reaching the goal of full substantive harmonization should not be underestimated. This may be one reason why, in the first instance, the SCP agreed to focus discussion on six basic legal principles of patent granting, namely, the definition of prior art, novelty, inventive step or non-obviousness, industrial applicability or utility, sufficiency of disclosure, and drafting and interpretation of claims. In my view, these all constitute some of the most fundamental, important, and basic issues for further development of the international patent system.

Concerning other substantive issues, the members of the SCP agreed, as a second step, that they would address a number of more complex issues, such as first to file, first to invent, 18 months of application publication, and a post-grant opposition system. These would be addressed at a later date, possibly at the next SCP session in November of this year. Another basic principle considered by the SCP was that the draft treaty should not provide for territorial restrictions; in other words, the draft treaty should not allow different substantive conditions to be applied in different systems.

Based on the decision taken by the SCP, the Secretariat of WIPO presented the first draft of the Substantive Patent Law Harmonization Treaty (SPLT) to the SCP at the fifth session, which took place this May (2001). The draft SPLT consists of three elements: a draft treaty, draft regulations, and draft practice guidelines. The draft treaty provides basic principles, while the draft regulations provide detailed provisions aimed at harmonizing national and regional laws. The draft practice guidelines are intended to provide best practices for offices. As indicated, the draft SPLT contains six basic issues relating primarily on patentability determination.

I will first report on the general points discussed at the latest session of the SCP, then summarize the discussion of each of the six issues.

The initial round of discussions, aimed at promoting a better understanding of the divergent concepts of international laws and practices, proved to be extremely fruitful in establishing a comprehensive and detailed overview of the issues at stake. The draft provisions presented to the SCP attempted to address ambiguities found in the text of the basic proposal made to the diplomatic conference in 1991, as well as in the texts of existing treaties. At the SCP, although there was a tendency to favor existing texts due to their legal certainty, member states showed their readiness and flexibility to examine the texts on a case-by-case basis. The discussions at the SCP also revealed that in certain cases the language of corresponding provisions used under different patent systems referred to similar underlying principles and practices.

Another important question raised by the member states concerned the nature of the interface between the draft SPLT, the PLT, and the PCT. The draft SPLT is an instrument for harmonization of substantive patentability requirements. The PLT is a harmonization treaty regarding application requirements, which, as far as form or contents of an application is concerned, incorporates the requirements under the PCT by reference. The question is, what exactly are the requirements covered by the PLT, and what should be the requirements covered by the SPLT?

In this context, the discussion also seemed to reveal that there is a third category of requirements relating to formal aspects that are truly linked to substance. For example, a certain structure of claims and word contents of the description may not be compatible with the requirements concerning the structure and contents during examination, but would be accepted to meet the requirements for the purposes of the complete application. The Secretariat of WIPO is looking into all such questions for the next draft preparation.

Regarding the scope of the SPLT, many delegations express the view that the SPLT should cover requirements concerning invention patentability and patent validity, but should exclude issues related to patent infringement. This kind of distinction should be helpful in qualifying the scope of provisions concerning, for example, claim interpretation.

Another issue worth mentioning was raised by the Dominican Republic delegation, speaking also on behalf of Nicaragua, Peru, Venezuela, and Brazil. They suggest that the SPLT allow contracting parties to implement their international and regional obligations – for example, genetic resource requisitions – to provide certain sanctions under the patent law. This view was supported by several countries. Why? Other countries pointed out that the newly established WIPO Intergovernmental Committee on Intellectual Property and Genetic Resources discussed the issues of traditional knowledge and folklore.

Prior Art. In accordance with the decision of the SCP to avoid territorial restrictions, the draft treaty provided that prior art should consist of everything made available to the public anywhere in the world, including oral disclosure in foreign countries, prior to filing or a priority date. This approach was supported by all delegations that spoke. However, regarding the prior art effect of applications filed before but published after the filing date or priority date of another application, member states supported the limitation of such prior art to all applications filed in the same country. The main reason was to avoid the practical difficulties in obtaining information on earlier applications filed abroad. Further qualification of terms, such as “made available to the public” and “prior art effect of disclosure on the internet,” were also requested by member states. With regard to the latter issue, it

was also agreed that the committee would first establish general principles concerning prior art which also cover disclosure on the internet, and then consider special provisions specific to internet disclosures and practice guidelines. The discussion in the latest SCP session concerning the so-called grace period was limited to presentations by the delegations on their respective laws, because the issue relates to other matters to be discussed at a later stage.

Novelty. The SCP supported the principle that for the determination of novelty as a primary reference, items of prior art may only be taken into account individually, not in combination. This discussion further focuses on which other items of prior art could be taken into account for the determination of novelty. Such items might include, for example, any information incorporated by reference in the primary reference, or information explaining the meaning of terms used in the primary reference. There was also discussion on whether to include provisions for loss of rights and seeking medical use.

Inventive step or non-obviousness. In relation to the prior art effect of filing applications for the determination of inventive step/non-obviousness, all delegations spoke, except one who is not in favor of such effect. The member states requested that the Secretariat of WIPO elaborate further on the methodology to assess inventive step, including the question of how multiple items of prior art could be combined for the determination of the inventive step/non-obviousness.

Industrial applicability/Utility. Member states expressed divergent opinions on the requirements concerning industrial applicability. On the one hand, many delegations were attached to this well-known and traditional requirement of patentability. On the other hand, it was recognized that the substance of this requirement could be dealt with under certain other requirements, such as patent subject matter or the enabling requirement.

Another related issue, which was highly debated, was the question of whether an invention needs to have a technical character or not. Indeed this issue was discussed in many other contexts, including those of contents and order of description contents, unity of invention, and patent subject matter. In view of the different national practices and divergent views, this issue will be further explored at the next session.

The issue of sufficiency of disclosure was addressed in detail in the draft SPLT, including the notions of completeness and disclosure timing. The SCP requested further qualification of certain terms, such as “a person skilled in the art.” In addition, please note that the draft text does not include a best mode requirement.

Drafting and interpretation of claims. The SCP suggested details concerning the claim drafting requirement. The SPC also suggested that the idea of claims being clear and concise should be further elaborated.

Unity of invention. Concerning the requirement of unity of invention, the majority of delegations supported the so-called “special technical features” approach. The delegation of the United States, however, suggested the consideration of a new standard, in view of complex applications relating to, for example, genetic sequences.

With respect to the interpretation and scope of claims, general principles in the draft were accepted by member states. However, questions were raised as to the relationship of claims to the description, the drawings, and special types of disclosures. Amendments and corrections will be taken into account for the preparation a new draft. The SCP requested

that the Secretariat review the provisions, including the provision concerning equivalence, in terms of patentability and validity requirements. Issues were raised regarding the interpretation of special types of claims, such as means-plus-function claims and product-by-process claims.

This concludes the section on substantive patent law harmonization. Let me now turn to the second part of my presentation, the reform of the PCT.

The PCT treaty has not been amended or modified since 1984, and has never undergone a revision. However, amendments to regulations were made throughout the years to simplify certain provisions and to make the PCT more user-friendly. But these have also led to a more complex set of rules. The rapid increase in global patent application filings – from 1.7 million in 1990 to approximately 5.8 million in 1998 – severely tested the capacity of patent offices throughout the world to deal with the rising number of applications in a timely and efficient manner. This, coupled with a growing momentum to develop a more efficient worldwide patent system through greater harmonization and reduced costs of patent protection, prompted the establishment, by member states, of PCT reform.

The PCT assembly set up a special body to consider proposals for the PCT reform and to make recommendations to the assembly at the September 2001 session. The committee for PCT reform held its first session in Geneva, May 21-25 of this year (2001), to launch a process aimed at further streamlining and simplifying the PCT treaty.

The committee agreed that a reform of the PCT system should be based on the following general objectives: 1) simplify the system and streamline procedures; 2) provide cost and workload reduction to avoid unnecessary work duplication carried out by the PCT authorities; 3) align the PCT with the provisions of the PLT, through modern information and communication technology utilization, establishing common technical standards for filing and processing, opening all offices irrespective of size, striking a balance between all stakeholders, providing technical access to developing countries, and simplifying treaty provisions, wording, and regulations; and 4) streamline the provision distributions between the treaty and regulations.

I will discuss each of these in more detail.

(1) The first stage of PCT reform, includes objectives to be achieved in the short-term by regulation amendments, and will be dealt with by the assembly without the need for a diplomatic conference. Changes would be aimed at simplifying and streamlining formalities and procedures, in order to reduce the work duplication by the various authorities and improve processing quality.

(2) Reduce fees and make the system cost effective and user friendly via work reduction. These changes should meet the needs of the applicants and third parties – in other words, all the PCT stakeholders. The committee agreed to a PCT assembly, which will meet in September 2001.

A handful of matters will be referred to a working group for in-depth consideration and advice. The working group will take up issues concerning a more coordinated approach to an international search and preliminary examination, to reduce work duplication by the International Searching Authorities (ISAs) and the International Preliminary Examination Authorities (IPS). The group will also discuss the idea of delaying the national phase for 30 months for all applications, to link together the number of requests

for international preliminary examinations, the complexity, and cost of the current examination procedure. A further proposal concerning an expanded international search report will also be discussed. The resulting opinion would address patentability as the first item, allowing for the possibility of the applicant being able to initiate full international preliminary examination by replying to the opinion.

(3) Conformity of formality requirements with those of the PLT. The proposal for bringing data requirements into alignment with those of the PLT was generally supported. However, some delegations questioned whether it should extend to certain requirements relating to nationality, residence and language.

(4) General simplification and streamlining between the treaty and regulations. The working group is mandated to consider other proposals for simplified and streamlined formalities and procedures, in conformity with general objectives. Items particularly related to the reduction: additional formalities of review and handling of applications, showing international publications, and showing transmission of search and examination results.

Among matters not referred to the working group, the following can be noted: 1) elimination of residency and nationality requirements; 2) availability of multiple searches and examinations; 3) [following national stage entry]; 4) re-energizing and making consistency under PCT articles. However, do not think that these issues were dropped entirely. They continue to be discussed at the committee level, and are of course subject to the decision to be taken by the Assembly at the September session two months from now. Subject to the PCT Assembly's agreement, it is expected that the suggested working group will meet twice and submit its work results to the second session of the committee, which meets in mid-2002. The primary objective of the whole exercise is to have a first set of rule changes adopted by the Assembly in September, 2002.

The discussion of the SCP and the PCT Reform Committee makes it apparent that the work undertaken by the SCP on harmonization of substantive patent law and developments under the PCT will have to be closely coordinated. Indeed, if progress can be achieved in the field of substantive patent law harmonization, it will certainly facilitate developments under the PCT, particularly on mutual recognition and exploitation of search and examination results. At the same time, the developments under the PCT in further harmonization of national and regional laws will enhance the worldwide system of protection of inventions. Although it is too early to see the concrete effect of the interaction between the PCT and the substantive patent law harmonization, the path ahead appears to be straightforward.

To conclude my presentation, I will inform you about a new WIPO initiative, to be launched at the up-coming Assembly in September, to get discussion started and intensified among the member-states, including the many other stakeholders. This new initiative of WIPO is directed at the development and reshaping of the international patent system. This will be a comprehensive and inclusive approach, working in harmony with ongoing relevant activities and initiatives, including those items I mentioned. The issues will be addressed from the different perspectives of all stakeholders, and will include a wide range of patent system areas, including acquisition, enforcement, exploitation, and licensing and marketing rights. I hope you all closely follow this initiative, and possibly participate in it constructively.

Thank you very much.