

Substantive Patent Harmonization
and
Japan's Stance

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HISTORY OF SUBSTANTIVE HARMONIZATION

Since 1993 when the negotiation for patent systems harmonization in WIPO was broken off, the member states of WIPO have continued to discuss patent systems harmonization limiting the sphere of negotiation to formative aspects, thus keeping the fire of harmonization from going out. The efforts of WIPO member states resulted in the Patent Law Treaty (PLT) in the year 2000.

The PLT was prepared on the understanding that harmonization of patent systems under the PLT should be limited only to the items which WIPO member states found agreeable at that time. Right after conclusion of the PLT, therefore, many of the parties attended the PLT diplomatic conference must have not imagined that further harmonization efforts would be restarted soon for other areas than those covered by the PLT.

The High Technology Protection Summit is held every year. Two years ago, at the 2000 Summit which was opened about two months after the adoption of the PLT, grace period was taken up as one of the topics. At that time, whether discussion about substantive harmonization would be resumed was not unclear. The fact that the issue of grace period was incorporated into the topics, therefore, can be said that the 2000 Summit had foresight.

Today, at this 2002 Summit, the very theme of substantive harmonization is directly discussed. Within the two years, the Standing Committee on the Law of Patents (SCP) met three times and discussed the Substantive Patent Law Treaty (SPLT) in detail.

Why the efforts towards substantive harmonization have shown such remarkable progress? And, how the substantive harmonization will advance in the future?

To seek answers to these questions, it is necessary first to review the background of the efforts towards the resuming of substantive harmonization and to recall the purposes of the SPLT.

BACKGROUND OF THE SUBSTANTIVE HARMONIZATION

We consider that there are two factors to be cited that have lead to

the resuming of substantive harmonization efforts:

- (1) Rapid growth of patent applications, and
- (2) Development of advanced technologies.

RAPID GROWTH OF PATENT APPLICATIONS

The total number of patent application filings made in the world has sharply increased from about 1.9 million in early 1990s to about 6 million in 1998. Looking at national applications alone, the number of filings has increased from about 700,000 to 800,000 over the same period. This means that the filings with other countries, in other words, international applications, constitute the majority. In these 6 million filings, the number of designations under the PCT is included. This means that national-phase entries are not directly reflected on the total number of filings. The upsurge is worthy of attention.

Tracing the roots of about 5.1 million applications filed with other countries, they originate from about 180,000 national applications. In other words, only about 180,000 applications have expanded into more than 5 million international applications.

The same applies to Japan. The number of filings with the JPO is on the increase.

Especially, PCT international application filings have shown a sharp rise at a rate much higher than expected.

In the year 2000, we received 9,447 PCT applications, which show year-on-year increase of 27 percent. If the number of PCT applications filed with the JPO continues to increase with the same growth rate, the number of PCT application filings is expected reach 18,000 in the year 2003, in other words twice in three years.

These figures represent heightening needs for a worldwide protection of technologies. Such needs brought about a burden on both applicants and IP Offices.

Let us now take a look at the example of the Trilateral Offices, who handle the majority of the world's patent applications.

The graph shows the increase of workload in the Trilateral Offices taking up the number of PCT International Preliminary Examination Reports (IPERs) as an example.

In the JPO, the substantial examination workload for PCT applications in the international phase accounts for about 10 percent of overall substantive examination workload. The workload required to handle PCT applications is expected to continue to increase by 30 percent every year, in other words, twice in three years. This will become a substantial problem within the first decade of this century for the JPO.

DEVELOPMENT OF ADVANCED TECHNOLOGIES

Another factor contributed to the resumption of substantive harmonization efforts is advancement of technologies.

With the remarkable development of new technologies such as information technology and biotechnology in recent years, many filings have been made for patents involving such new technologies. To examine these applications, therefore, highly specialized knowledge is needed.

Patentability for inventions involving high-technologies can't be appropriately decided under the existing guidelines in many cases, for example, patentability of DNA fragments. Therefore, central IP Offices are now required to respectively issue patentability criteria at an appropriate time and have them harmonized internationally.

Comparative study and efforts toward harmonization were urgent agenda among the Trilateral Offices.

Also in these technological fields, specifications are often prepared in different ways from conventional ones. This has resulted in such problematic applications as complex applications.

GOALS

To respond to the changing circumstances mentioned earlier, discussion about the SPLT started. The goals of SPLT can be sorted

out into the following two points:

- (1) Simplified Patent Obtaining Process, and
- (2) Workload Reduction.

SIMPLIFIED PATENT OBTAINING PROCESS

Firstly, the SPLT is aimed at simplifying the process of obtaining a patent and to optimize the level of protection.

When seeking patent protection in multiple countries, applicants have to follow different processes according to the country because countries have different patentability requirements. If you plan to obtain a patent in 10 countries, for example, you will have to respond to 10 different reasons of refusal separately issued by 10 central IP Offices.

Such differences in patentability requirements may lead to different final decisions---the same subject matter is regarded as patentable in certain countries but not in other countries. Even the patentable case, the final claim may be different. Applicants, therefore, are required to follow different and complex processes with each of the Offices and yet are not able to easily foresee the patentability of their inventions.

If a standardized patentability criteria is put in place, applicants will probably be able to obtain the same final decision on the same claim from the countries they sought protection by following the same processes with these countries.

During the period when the efforts for substantive harmonization was suspended, WIPO member states individually revised laws and IP-related guidelines to improve their patent systems. In Japan, for example, the law was revised with respect to the scope of amendment in 1993. In 2000, the JPO's Examination Guidelines was substantially revised centering on method to judge inventive step. Through such revisions, differences between patent systems of WIPO member states have come to be reconciled.

From among the patent systems of member states, best practices are to be adopted in the SPLT. Therefore, the patent systems of the SPLT

member countries will be further improved, whether developing countries or industrialized countries.

WORKLOAD REDUCTION

The second goal of SPLT is workload reduction. I will touch upon two points:

- (1) Reduction of duplication of work, and
- (2) Balanced work sharing between inventors/applicants and Offices.

According to the Trilateral Statistical Data for the year 2000, searches and examinations, in other words substantial workload, numbered about 260,000 at the JPO, 90,000 at the EPO, and 300,000 at the USPTO, making a total of about 650,000 searches and examinations.

As can be understood from this diagram, the 159,000 applications represented by the yellow sections of the squares originated from and have been filed with a Trilateral Office. If we calculate workload redundancy in FY 2000, among the Trilateral Offices based on the above data, we see that 24.4 percent of the total workload is duplicated. Naturally, if this duplicated workload could be reduced exploiting search and examination results obtained by other IP Offices, it would greatly contribute to workload reduction at each Office. There means the possibility that also applicants will be able to enjoy the merits of cost reduction.

Such duplication of work has been a serious problem among IP Offices. The systems of International Search Reports (ISRs) and International Preliminary Examination Reports (IPERs) under the PCT can be considered as part of the efforts towards elimination of duplicate work. The PCT is expected to grow into a more useful system through the reform currently discussed. With the PCT system alone, however, the critical situation that IP Offices are facing in recent years can't be overcome.

Last month, the JPO and the USPTO agreed to start a joint project for the discussion about mutual exploitation of search and examination results. The agreement is not intended for mutual recognition but for mutual exploitation of search and examination results. Through this project, the JPO believes that differences in substantive requirements between the two Offices will be made clear. Then, towards effective utilization of search and examination results, the needs for substantive harmonization of the world's patent systems and the expectation for the system of SPLT will grow greater.

Also last month, the USPTO published the 21st Century Strategic Plan. In this Plan, a recommendation is included to "reduce duplication of effort and decrease workload by relying on search results obtained via partnerships with other intellectual property Offices."

In these processes, differences in each Office's examination practices will be identified as issues to be overcome.

The SPLT will provide an environment in which an Office can more efficiently exploit search and examination results obtained by another Office because, under the SPLT, final decisions on patentability made by the SPLT members will be expected to coincide.

NEEDS FOR SUBSTANTIAL HARMONIZATION

I expect that some of the differences of patent systems which would hinder better use of search/examination results of other Offices are as follows:

(1) Range of Prior Art

Range of the "prior art" becomes different because of different interpretation of the "prior art", illustrated for example by the "Hilmer Doctrine".

(2) Claim System

Different multiple claim system also causes difficulty because it makes the scope of claim and range of search different.

(3) Claim Interpretation

Different claim interpretation leads to different range of search and different evaluation of claimed inventions, illustrated for example by a case of means-plus-function claim.

BALANCED WORK SHARING BETWEEN INVENTORS/APPLICANTS AND OFFICES

As represented by the PLT adopted in 2000, WIPO member states have been pursuing the establishment of user-friendly patent systems. To do so, what users might find friendly to themselves should be carefully considered beforehand. Extension of time limits for submitting documents, for example, can be a user-friendly condition in a way, but this might also lead to a longer examination period.

Recent problems such as complex applications should be discussed from the standpoint of balanced burden sharing between applicant/inventors and IP Offices.

The most urgent issue today is workload reduction. Taking of measures to solve this issue, therefore, can be most user friendly. From this perspective, consideration should be given to redistribution of resources within IP Offices and balanced burden sharing between applicants/inventors and IP Offices.

METHODOLOGY

Then, specifically what conditions should be incorporated into the SPTL? The JPO sees the following three as the most important points: (1) firstly, deep harmonization in certain items, (2) secondly, adoption of best practices, and (3) thirdly, tackling new issues.

DEEP HARMONIZATION ON LIMITED ISSUES

In starting discussion about the SPLT, it was agreed that initial harmonization effort should be made focusing on requirements for granting patents.

Unlike efforts made in the past, the harmonization under the SPLT is aimed at enabling IP Offices to obtain the same examination result for the same invention because this will eventually lead to mutual exploitation or recognition of search and examination results. And, in the end, workload of Offices, which are suffering from increasing number of applications worldwide, will be greatly reduced.

To achieve this end, deep harmonization covering examination practices is inevitable, in other words, initial efforts must be made focusing on such requirements as novelty, inventive step, industrial applicability, and description. Then, to solve the urgent problem of increasing workload, all the parties concerned should aim to prepare the SPLT as soon as possible.

To enable different IP Offices to obtain the same examination result for the same invention, the SPLT and its regulations and guidelines should stipulate detailed provisions covering not only harmonization of patent laws but also examination practices adopted in each country.

INCORPORATION OF “BEST PRACTICES”

To make the harmonization effort truly meaningful, countries concerned should select best practices from among various patent systems without adhering to the systems of their own.

In the past SPLT discussions, participating countries have often persisted in their own patent systems. As long as they maintain the present attitude, the SPLT will only comprise of common factors of their national systems. In this case, even if a harmonization is reached as a result, the SPLT is not likely to help improve the national patent systems of its members.

Member States, therefore, should take SPLT preparation as a good opportunity to review their systems and become more flexible.

In Japan, for instance, a system had been adopted under which claims were to be contained in specifications. In April 2002, however, Japan revised the law and have claims become independent from specifications. It is only a minor change, but consistent with the draft SPLT.

Also, as to divisional applications, the draft SPLT provides for immediate refusal of a child application where the reasons for refusal for the parent application can be maintained. Even in such a case, under the current Japanese patent system, the Office is required to notify the applicant of reasons for refusal before issuing a decision of refusal. The JPO found the system in draft SPLT is better than the current Japanese system and supports the system in the draft.

TACKLING NEW ISSUES

Finally, the SPLT should be a collection of best practices selected from among the current practices of participating nations, but this does not necessarily mean that a real best practice can be selected from among such current practices. In the SPLT, therefore, new policies that do not exist in the current practices as well as the systems that are adopted only in a small number of countries should be positively adopted to effectively respond to such new problems as complex applications.

From the nature of discussion about a treaty, however, it is difficult to incorporate whole new systems or any systems adopted only by a small number of countries. At the experts meeting held in May, the Trilateral Offices agreed on starting a project for measures to effectively handle complex applications. To incorporate new systems in the SPLT, the participating countries should actively discuss the outcomes obtained at such meetings and conferences.

Also, the SPLT should be given an adequate flexibility in order that SPLT members may promptly respond to newly arising problems in the future.

NEGOTIATION POINTS

So far, I talked about basic approach for the preparation of SPLT. Now, I would like to touch upon the following four future points of discussion.

The first point is whether technical nature should be made a requirement for obtaining a patent. Japan has been taking a position that inventions without technical nature be regarded as unpatentable. Consequently, Japan agrees to Article 12 of the current SPLT draft. On the other hand, the U.S. is in the position that technical nature is not essential. Thus, discussion about this point should be continued.

The second is three important items of the First-to-File system, First-to-Invent system, and grace period.

It is well known that the U.S. is the only country that has been adopting the First-to-Invent system while other countries have been adopting the First-to-File system. Grace period is very important in that it is expected to act as a bridge between the First-to-File system and the First-to-Invent system. These three have been remaining as important items since the patent systems harmonization efforts in 1990s.

The two systems are both very basic patentability requirements but completely different from each other. Existence of such different principles has been casting heavy burden on applicants who wish to file an application with multiple countries including the U.S.A.. The heaviest burden, of course, has been placed on U.S. applicants.

We are convinced that the First-to-File system is also beneficial to U.S. applicants and thus hope that the U.S. will make clear its attitude toward the First-to-File system as soon as possible.

Also, Japan welcomes that the discussion about grace period is in progress in Europe.

Japan's current system allows a wider scope of grace period than Europe's. And Japan hopes that a well-balanced system will be adopted in the SPLT with regard to the relationship between the First-to-File system, First-to-Invent system, and grace period. We are ready to engage in an active discussion about this point without adhering to Japan's current system.

The third is the problem of complex applications.

Based on the proposal by the U.S., the Working Group on Multiple Invention Disclosures and Complex Applications was set up to discuss unity relating to complex applications, number of claims, multiple dependent claims, and "clear and concise" claims. The Working Group

met for the first time in May at the same time with the seventh session of SCP.

At the Working Group's first session in May, however, participants mainly introduced the current practices of their respective nations. They included some very interesting practices such as limitation of the number of independent claims in an application to one per category, which was introduced by the EPO. On the whole, however, the session resulted in showing that it might be difficult to discuss any practices that are adopted only in a small number of countries.

At the Trilateral Experts Meeting in May, the Trilateral Offices agreed on discussing measures to handle complex applications. In the future, results of discussion by the Trilateral Offices should be fed back to the SCP to make the SPLT an effective measure to handle such applications.

The fourth is what should be provided for at which level of the SPLT.

The draft SPLT is three-layered---comprised of the Treaty, Regulations, and Practice Guidelines. However, whether to make which layer binding or through what procedures they can be revised have yet to be established. Also, detailed discussion should be made about possible and desirable reclassification of the provisions contained in the current SPLT Treaty, Regulations, and Practice Guidelines.

If detailed provisions are to be stipulated in Regulations and some Guideline provisions are to be made legally binding, IP Offices of the SPLT members may have to provide for the conditions in their laws and regulations which are currently stipulated in their guidelines.

When the contents of SPLT come to take shape, therefore, SPLT members will have to discuss what provisions should be set up in which layer.

CONCLUSION

Through the three SCP sessions which were held after the spring of 2001, the pros and cons of each SPLT provision have been elucidated. This means the negotiation about the SPLT has been steadily progressing and we think highly of the progress. However, it is also

true that there are many problems remaining such as the First-to-Invent system and technical nature requirement.

The harmonization effort under the SPLT is aimed at reduction of workload, which is an urgent and common issue among IP Offices. Therefore, it is desirable that discussion should be made focusing on patentability requirements and by making clear the scope of the Treaty.

As a rule, however, negotiation about a treaty takes time. For the preparation of the PLT, for example, six years were spent. Substantive harmonization is essential for simplifying the process of obtaining a patent and reducing workload. Thus, continuous discussions should be made without losing the initial momentum, even if it takes time.

The SPLT should be made beneficial to all the participating nations. The Treaty is beneficial to Japan because it provides us with a good opportunity to consider a substantial revision of our patent system. Thus, we will actively participate in SPLT discussions. The U.S. will probably be required to revise their system most extensively. At the same time, however, I am convinced that the U.S. will greatly benefit from the SPLT in terms of workload reduction.

Thank you very much for your kind attention.