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WIPO PATENT AGENDA: OPTIONS FOR DEVELOPMENT OF
THE INTERNATIONAL PATENT SYSTEM

Memorandum of the Director General

1. At the Thirty-sixth series of meetings of the Assemblies of the Member States of the World Intellectual Property Organization (WIPO), the Assemblies considered a memorandum of the Director General which sought to identify salient issues relating to the future development of the international patent system (document A/36/14).
2. The Director General's initiative relating to the "WIPO Patent Agenda" was intended to prepare a coherent orientation for the future evolution of the international patent system, ensuring that the work undertaken by the International Bureau and by Member States in their cooperation with the Organization was directed towards achieving a common goal. It expressed the belief that the international patent system should become more user-friendly and accessible, and provide an appropriate balance between the rights of inventors and the general public, while at the same time taking into account the implications for the developing world.
3. This initiative was not intended to replace or undermine existing activities in WIPO, such as those relating to the Patent Law Treaty (PLT), the draft Substantive Patent Law Treaty (SPLT), reform of the Patent Cooperation Treaty (PCT), the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, or current information technology projects. In particular there was no plan to create a new body to oversee the initiative. Rather it was intended to increase the effectiveness of the existing activities by ensuring that they address all the pertinent issues and that they are mutually consistent.

4. In his memorandum, the Director General invited Member States to make suggestions and give guidance on how to best make the pending dialogue constructive and fruitful in terms of identifying and establishing priorities, and the need to focus both on meeting broader long-term objectives and on finding solutions to more immediate problems, most notably the crisis facing a number of patent offices, both large and small, in managing workloads was underlined. The following proposals (see document A/36/14, paragraph 42) were made, to:

“(i) invite written comments on this document, including the Annex, from governments, organizations and users by the end of January 2002, such comments to be made available on WIPO’s website and, upon request, on paper;

“(ii) issue a discussion paper to be prepared by the Secretariat, containing an analysis of the comments received, for discussion by the WIPO General Assembly and the Assemblies of the Paris and PCT Unions in September 2002.”

5. The Assemblies discussed the memorandum and concluded (see document A/36/15, paragraph 222):

“The WIPO General Assembly, the Paris Union Assembly and the PCT Assembly noted the contents of document A/36/14 and approved the proposals contained in paragraph 42 thereof for further work, which would take into account the views expressed at the Assembly session, including the request for a study by the Secretariat of possible implications of the proposal on developing countries.”

6. A total of 55 comments¹ from interested governments, organizations and users were received and made publicly available via the WIPO Patent Agenda Website at <http://patentagenda.wipo.int>, and have been taken into account in the preparation of the present memorandum. Many of the comments focused on a list, set out in the Annex to document A/36/14, of a number of measures and questions which might be considered in the process of reshaping the international patent system. The list was intended to be illustrative rather than exhaustive, and spanned matters ranging from broad principles to procedures.

7. In March 2002, the Director General convened a Conference on the International Patent System in Geneva in order to discuss the WIPO Patent Agenda. The program and presentations are also available via the WIPO Patent Agenda Website noted above. The objective of the event was to stimulate discussion on the main issues and challenges confronting the international patent system and to receive further inputs and responses from users of the patent system. Matters raised in discussions during the Conference have also been taken into account in the preparation of the present memorandum.

8. The outline appearing in Annex I contains a survey of the major issues confronting the international patent system, together with options for future work where the appropriate actions seem clear. These options provide an interim guide to the direction of future work efforts which is summarized in Annex II. It should be noted that this document, including its Annexes, does not purport to provide a definitive analysis of the existing state of the international patent system and the issues confronting that system. In this context, it is a

¹ The 55 comments were received from: governments and regional groups (26), intergovernmental organizations (3), international and national non-governmental organizations (19), and individuals (7).

further stage in the dialogue initiated by the WIPO Patent Agenda and not the end result of that dialogue.

9. The conclusion of the Assemblies quoted in paragraph 5, above, mandated the Secretariat to prepare a study on the possible implications of the proposal on developing countries. The effects on developing countries of various aspects of the development of the international patent system were the subject of a number of presentations in the Conference on the International Patent System. The outline in Annex I also includes references throughout to the effects of the various issues on developing countries. However, as stated in the preceding paragraph, this document is not the end result of the dialogue, nor is the commentary it contains the complete study of the effects on developing countries. The Secretariat will prepare a further study of appropriate scope when the plans are more fully developed, taking particular note of the outcomes of discussions in various forums, such as the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore.

10. The WIPO General Assembly and the Assemblies of the Paris and PCT Unions are invited to express their views on the outline contained in Annex I and the summary of options for future work contained in Annex II.

[Annex I follows]

ANNEX I

OUTLINE OF ISSUES RAISED

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I. THE INTERNATIONAL PATENT SYSTEM IN 2002

1. The international patent system in 2002 enjoys levels of use far beyond what would have been imagined only a decade ago. Numbers of patent applications have never been higher and patents have helped support the development of a never-increasing range of technology. The international system is making available an exponentially increasing amount of information about new technology, information that might otherwise remain undisclosed. Affordable and accessible information technology is delivering this material to users across the world who, only a few years ago, could never have afforded it, nor had the technological capacity to access it. This should suggest that the system has never been more popular and effective in its role of promoting the transparent, socially beneficial dissemination of technology.

2. Yet this great success has not given rise to universal satisfaction, either within the immediate circle of administrators and users of the patent system, or among the intended beneficiaries of the system more widely in society. The system today faces twin challenges: an internal challenge, concerning the actual operation of the system; and an external challenge, concerning the policy role, and the economic and social impact of the patent system. The very success of the system has created workload pressures that strain the ability of patent offices to support it as they have for many years in the past. At the same time, the system has been under close scrutiny in international policy debate, with a range of commentators voicing strong concerns about the directions it is taking, and about its social and economic impact.

3. For the users and administrators of the system, the immediate issue is that the sheer quantity of applications, and the complexity and range of new technologies, lead to ever-increasing workloads, such that many patent offices are struggling to play their role effectively and to meet the expectations both of users and of the community more generally. The increasing time taken to grant a patent leads to difficulties both for patent applicants, who wish to be able to use their rights, and for third parties, who wish to know the limits of those rights. The broadening range of technological subject matter increases the complexity and range both of the prior art to be searched and of the expertise that examiners need to have in order to assess patentability.

4. And at the broader level of public debate, general perceptions of the international patent system are marked by apprehension and unease. After a long period of relative obscurity, when there were in fact concerns about the low general awareness of the patent system, it has more recently emerged into the public spotlight. Yet this increased prominence has not resulted from the contribution of the patent system to the creation and spread of new technology. Rather, it comes from concerns about perceived negative effects of the system: first, the controversy over the possibility that patents may be hampering governments' attempts to deal with urgent policy issues; and second, concerns about the granting of patent protection to some forms of new technology, especially biotechnology.

5. Those broad policy issues were highlighted as the international community sought to address the unprecedented public health challenge of the humanitarian calamity of HIV/AIDS. The patent system was at the center of a major multilateral ministerial declaration: the World Trade Organization's Doha Ministerial Declaration on the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement) and Public Health recognized the importance of intellectual property protection for the development of

new medicines, but was at core a response to the concern of many governments that they should have adequate policy flexibility at a national level to address public health problems.

6. The international patents system is delivering technological information into the public domain at an unprecedented rate, yet the patents system is seen by its critics as symbolizing the shift of control and ownership over technology from the public to the private, serving to commodify vital technological information that they argue should remain in the public domain. Indeed, patents on biotechnology inventions have become a focus for concerns about biotechnology in itself, partly because of the very transparency of the patents system.

7. Those responsible for the development and administration of the international patent system might conclude that it needs rather less of that particular kind of success. But the various challenges need not require divergent solutions. It should be the case that both of these challenges to the patents system – the workload crisis and the public policy issues – can be addressed squarely and effectively by a cooperative international approach that holds the patents system in practice to its core principles: principles that have the public interest at their center.

8. The fact that the patents system deliberately uses private, exclusive rights as a means of serving public goals leads to a perception that any enhancement to the system for obtaining patents prioritizes private rights over public welfare. Yet there is a clear public interest in the processing of patent applications more efficiently and effectively. It is necessary to form a clear distinction between processing and defining patent rights, on the one hand, and regulating the way in which patent rights are exercised and the technologies involved are used, having regard to other public policy mechanisms, on the other hand. Losing sight of this key distinction can lead to paradoxical proposals that the most important and valuable technological advances should be especially singled out for denial of patent rights, rather than considering how valid patent rights, once granted, should be managed as part of a nation's stock of intangible assets and exploited for the ultimate public benefit.

9. One of the prevailing questions for the international patents system in 2002 is that of patent law harmonization, and indeed the continuing suggestion that the international system might produce what already commonly exists in the public imagination – the “world patent.” But it is necessary to recall that patent law harmonization is not an end in itself, but a tool – a means to an end. It is not, perhaps, important exactly what legal form or structure harmonization takes. What matters is to give national and regional patent authorities access to a common operational platform that permits them to cooperate, exchange information, share resources, and reduce duplication in their work.

10. This opens up the possibility of higher quality examination, ensuring that granted patents adhere more closely to the established public policy patentability criteria. At the same time not repeating work done elsewhere frees up resources to be applied to the promotion of innovation, development of IP management skills, and other areas where active engagement may be required to realize the public benefits of the patents system. Faster grant of patents according to common standards benefits not only applicants but third parties, who are able to determine the limits of the granted patent earlier and more accurately. The reductions in cost involved lower the threshold for access to the international patents system by those who have so far disproportionately failed to benefit directly from it – innovators in developing countries, small and medium enterprises, public-funded research institutes, and individual inventors.

11. This document is a contribution to the debate about how to shape the future of the patents system. It is intended to promote discussion about what needs to be done, to shape the general orientation of future work in various forums, and to ensure that the various strands of work are addressed in a coherent, mutually supportive manner. The patents system has been developed as a public policy tool using the creation and exercise of private rights as a means of promoting the public good. It is necessary to identify essentially practical forms of international cooperation that will enhance the value of this policy tool for public and private stakeholders alike, so that there is stronger common understanding about how the international patents system can deliver widespread benefits.

II. RATIONALIZATION OF RESOURCE USE: THE MENU OF OPTIONS FOR CONSIDERATION

12. Internationalization of the patents system is not just an interesting and lofty idea: it is an inevitable fact of life, given:

- the growth in the international dimension of economic and commercial activity, in which the role of the patents system is well recognized and established;
- the present inability of many patent offices to meet growing user demands at the national and regional levels, such demand being driven largely by equivalent applications being filed and processed in many different countries, rather than just in the inventor's home market;
- the need to lower the processing costs and administrative barriers that are limiting participation in the international system of applicants from developing and least-developed countries, and smaller enterprises and individual inventors; and
- the dramatic new possibilities offered by affordable and accessible modern information and communication technology for the filing, transmission and processing of patent applications around the world as well for making the patents system more effectively transparent, easier to use for all stakeholders (not merely applicants), and a more valuable technological information resource than ever before.

13. Attempting to deal with these matters solely at a national level is impractical, and in some cases would even be counter-productive. The questions to be addressed in this document are: in what areas, in what form, to what extent, and how rapidly will greater internationalization come about?

14. International cooperation offers the prospect of more efficient and effective processing of patent applications. Several comments pointed to this objective as one that seems to prioritize the interests of existing patent applicants, typically larger companies in the developed world, over the broader public interest. As Chapter VII discusses below, more efficient and accurate processing is perhaps the most direct (but of course not the only) way to ensure that the patents system serves the public interest, because it would increase the practical alignment of actual patents granted with the core principles of patent law, principles which have themselves been shaped to define the public interest.

15. Greater efficiencies would increase the practical equity by addressing the cost and other barriers to use of the system that disproportionately affect less affluent potential users of the

system. This would also free up public sector resources to focus on more substantive needs and issues, such as greater use of the patent system for national economic and technological development. And international cooperation on patent processing gives improved opportunities for those who are concerned about the nature of patents being granted, for policy or commercial reasons, to monitor and challenge patents of concern.

Features Likely to Be Subject to Greater Internationalization

16. Member States need to consider what features of the patent system can or should be truly internationalized, and what features could be enhanced or facilitated at the national level by options made available through international arrangements. Some of the important features of patent systems which should perhaps be considered in this context are listed here:

- *pre-grant processing of applications:* filing; formalities; fee payment, collection and distribution; publication; substantive procedures, including search and examination;
- *grant of rights:* agreement to grant; registration of granted rights;
- *post-grant processing:* post-grant examination, including re-examination; third party interventions, invalidation and revocation, infringement, renewal, fee payments;
- *dispute resolution:* determination of rights between competing persons asserting ownership of inventions; enforcement, including infringement, criminal proceedings, and control over exportation and importation of patented products; invalidation procedures, including administrative and judicial revocation;

17. These different areas present different challenges and different opportunities. Some must of necessity be addressed immediately. It may not be useful or appropriate to consider others in the foreseeable future.

Reducing Duplication

18. It is in the process of applying for and granting patents where immediate action is most needed. Patent offices are unable to recruit, train and retain sufficient suitably qualified staff to process effectively the number of applications which are received. Furthermore, some offices have indicated that they would not wish to do so even if they could. They consider that increasing the number of staff engaged in processing patent applications beyond what is essential is wasteful, both in money and the use of skilled scientists and engineers who could be of more benefit to the State if employed elsewhere.

19. In addition to the workload problems for offices, duplication of work causes immense expense to innovators seeking protection for their invention. In contrast to some of the other significant expenses of the system, such as translations, the extra cost does not give rise to any benefit to other users of the system – competitors wishing to know the scope of monopolies and scientists and engineers wishing to learn from the information which is published.

20. A working system for grant of patents having wide international effect is not a realistic proposition in the short term, even if all States considered it a desirable goal that could be prepared for at once. For a truly international system for granting patents it is also generally held that full harmonization of national laws relating to patentability is essential. The Standing Committee on the Law of Patents (SCP) has been engaged in work towards this

goal, as is discussed in greater detail in Chapter III below. While there is general support for this, it is clear that full and deep harmonization remains a long way off.

21. Consequently measures need to be taken which make best use of the existing systems, or adaptations made which can take effect quickly enough to address the immediate difficulties. Fortunately, many States consider that there is already sufficient common matter in national patent law to make significant use of search and examination work done by offices in other States. Each individual State assesses the balance which it sees as appropriate between reducing the unnecessary duplication of work between offices and ensuring that granted patents meet the domestic criteria. This can extend across both formal and substantive matters covering, for example:

- recognition of steps taken before, and work done by, other offices; either full (replacing the equivalent national procedure) or partial (for example, limited supplementary searches might be undertaken in a national database);
- access to files: applications, application files, priority documents, search material, reports, citations.

22. Such arrangements might be informal, or else based on a treaty or formal understanding. In turn, arrangements might be multilateral, bilateral or unilateral and be either an equal partnership or a dependency arrangement. At the most basic level, it could simply mean making more effective use of international search and examination reports drawn up under the PCT.

23. Since laws and practice are not fully harmonized, offices need to know the extent to which work done by another office is actually equivalent to work done domestically and how much else may need to be done in order that the domestic processing requirements are properly met. This requires a knowledge of where the common matters lie and what the differences are.

24. There is not yet the degree of harmonization, confidence and experience necessary to establish a fully integrated international system. The extent to which an office uses material which derives from another office must be a matter for the individual State or States concerned. Many States will already base a grant on a positive international preliminary examination report under the PCT, or on a grant in certain other countries. Still others will at least accept a PCT international search report as normally replacing the need for a domestic search, since standards for what constitutes prior art are generally already extremely close. But it is important that this process should be supported at an international level by taking steps which give confidence and greater effect to the process.

25. Naturally closer harmonization of law and practice between the participating States would make the entire process greatly more effective. This process and the matters involved are discussed in detail in Chapter III below.

26. A number of States also suggested in their submissions to the Secretariat that quality assurance is essential to establish confidence in the use of materials from other States. This would require a mechanism to be established which is sufficiently clear and effective to gain the trust of both offices and users. It would need to be open to any office to participate in, though it may be particularly useful if adopted by those patent offices which act as PCT International Search and Preliminary Examining Authorities. A number of offices have

indicated that they have either set up or at least given consideration to such mechanisms, and further information on this would be useful to help assess the practicality of international cooperation in this area.

27. Common standards and efficient processing may also be promoted by the use of common or interoperable systems and databases so that offices work in similar ways and can rely on being able to use information transmitted from other offices reliably. Common technical standards, at least for transmission of information and files, will also directly benefit applicants, who should not have to use multiple systems for dealing with different offices.

28. A number of submissions pointed out that for effective use to be made of work done elsewhere, it must be possible to quickly identify exactly what a document means and what work it represents. In the case of search reports, for example, it is important that there should be a clear indication of the databases that have been used. Also, consideration might be given to whether greater consistency of presentation would be useful in documents such as search and examination reports. Benchmarking exercises are also being undertaken by a number of offices with a view to increasing understanding and confidence as well as increasing quality of work by recognizing good practice elsewhere.

29. It should be noted that measures which aid the reduction of duplication of work should be seen as a high priority when setting the agenda for discussions in the SCP and bodies concerning reform of the PCT.

30. The Secretariat suggests that offices which have considered or set up quality assurance mechanisms be requested to provide information on their experience. The Secretariat will then assess the need for and practicality of international action, including discussion between the existing International Authorities in respect of the PCT system.

31. The Secretariat will invite suggestions for specific examples of other matters which would make work performed by offices more consistent and/or easy to use by others, such as:

- use of, or contribution to, common databases by offices;
- standards for IT systems;
- standards for other matters.

32. Between States where there are significant common legal and commercial backgrounds and trading links, regional cooperation has also in the past proved particularly effective at reducing duplication of work and many submissions indicated that further efforts in this area would be beneficial to both patent applicants and the States involved. This is discussed in detail under Chapters IV and V below.

Effective Processing

33. The systems which are administered by patent offices and the International Bureau ought to be efficient and effective in themselves as well as not duplicating work done elsewhere. Rapidly advancing technology and changes in the way that the system is used mean that processes which were appropriate in the past, both in the PCT and national systems, may need reevaluation. In terms of effective use of resources, it should be remembered that effective processing should not only consider the workloads of offices, but also those of the

users. The efficiency and simplicity of the system for users of different types and in all parts of the world must therefore be taken carefully into account.

34. The Committee and Working Group on Reform of the PCT have been reviewing the efficiency of procedures under the PCT. For example, one of the significant recommendations involves changing to a system where an international search opinion, equivalent to a written opinion in the international preliminary examination procedure under Chapter II of the PCT, is produced at the search stage for every application. This makes more efficient use of examiners' time and provides a valuable resource to offices in the national phases of all applications, not only those which have entered Chapter II.

35. This, together with other measures currently under consideration by the Reform Committee, has gained widespread support and will produce valuable improvements to the effectiveness of the system. A second round of review was also proposed (see documents PCT/A/29/3 and PCT/A/29/4 paragraphs 18 to 58). This will need to consider whether more fundamental changes would be of benefit to the system. This is discussed further under Chapters VI and IX below.

36. A number of comments suggested that examination of every application is not necessary and might be performed only at the specific request of an applicant or a third party. This would save effort in processing applications of little significance and allow other applications to be dealt with more effectively. Such systems are already in effect in some countries and are felt to meet the needs of those countries well. Others however argued strongly that a full examination and amendments system should apply before grant in every case. It was pointed out that patents differ from designs and trademarks in that the examination is likely to affect significantly the scope of the right, rather than being a simple matter of whether it is valid or not, and that this made the need for certainty stronger. States should consider carefully the national system which best meets the needs of their country and considerations should be given to how the international system might best give support to State taking such options. This is considered further in Chapters IV and VI below.

37. Some comments also indicated that the greatest value of PCT applications lies in the international search report rather than the full Chapter II international preliminary examination, and that reducing the incentive for examination would free up resources to make the search more timely and effective. On the other hand, States which wish to issue only properly examined patents, but also to make full use of the PCT report, point out that it is far more efficient to complete examination and amendment as a single time in the international phase than to repeat the process for each individual designated/elected State.

38. While clearly a significant number of patents are in fields where differences in national law are currently relevant, in a majority of cases compliance with PCT requirements will mean that a patent can be granted in all States. The modification of time limits in Article 22(1), adopted by the PCT Assembly in September 2001, means that applicants are now more free to choose whether to use Chapter II of the PCT in any particular case. Given the significant cost in professional time associated with amending a patent specification, there is a strong incentive for applicants to use the most efficient system available, which should also overall reduce the workload of offices.

39. International cooperation may also be possible in respect of simplifying national processing. By way of example, the needs of PCT systems have defined international standards for communication of electronic patent documents. These standards might be used

to help in the creation and use of systems to simplify processing for national patent offices and ease access to information for users of the system, including a digital library system for priority documents, as proposed in the agreed statements by the Diplomatic Conference regarding the PLT.

40. It is recommended that the Secretariat investigate the options, including requirements and likely costs and benefits, of a digital library for priority documents.

III. HARMONIZATION: PURPOSE AND LIMITATIONS

Background of Patent Law Harmonization

41. Notwithstanding the considerable progress in the field of international patent law harmonization already achieved, for example through the Paris Convention for the Protection of Industrial Property, existing regional patents systems, the PCT and the TRIPS Agreement, the international patents system as it stands still fails to provide users with full worldwide harmonization of the major substantive aspects of patent law.

42. A broad draft harmonization treaty, which was negotiated between 1985 and 1991 under the auspices of WIPO, was never adopted due to divergences on issues such as the first-to-file versus the first-to-invent systems and the grace period. In 1994, Member States authorized WIPO to proceed with work on a treaty in respect of the harmonization of patent formalities, which resulted in the adoption of the PLT on June 1, 2000. The PLT, however, expressly excludes substantive aspects of patent law. After the conclusion of the PLT, Member States of WIPO decided, in November 2000, to start discussions on harmonization of substantive patent law throughout the world. Since November 2000, the SCPh has been discussing provisions of the draft SPLT and draft Regulations under the SPLT, which cover, in particular, the following issues: definitions of prior art, novelty, inventive step/non-obviousness and industrial applicability/utility, the drafting and interpretation of claims, and the requirement of sufficient disclosure. The discussion on three additional issues, namely first-to-invent versus first-to-file, publication of patent applications after 18 months and post-grant opposition, has been postponed. At this stage, while a considerable number of issues appear to find agreement in principle, some aspects are still subject to controversy.

Shortcomings of Lack of Substantive Patent Law Harmonization

43. The need for further patent harmonization arises mainly from the fact that trans-boundary research and the internationalization of production and trade have resulted in a need for increased international patent protection. However, the costs of obtaining such broad patent protection have become extremely high for the users of the patents system. This is particularly true in light of the fact that many national and regional offices separately process applications and grant patents for the same invention. This duplication of work, in particular in respect of, but not limited to, search and examination of patent applications, obviously results in additional costs to applicants, both in official fees and in the cost of professional preparation of applications and responses to objections from different offices. It is to be noted that there is no established international system for recognizing the search and examination results of applications in other patent offices, although some patent offices have unilaterally implemented schemes for reliance on results obtained in other offices. Thus, costs remain

extremely high for users, and in particular for small and independent inventors and inventors from developing countries and countries in transition.

44. A further area of difficulty for the users of the patents system is the different procedures applied by patent offices and the complexity of those procedures, which entail the risk of increased errors, often resulting in the loss of substantive rights. This type of complexity runs counter to the general objectives of the patents system to foster innovation and economic growth.

45. From the perspective of patent offices, the major difficulty of the present situation resides in the fact that the increasing number of patent applications, coupled with the duplication of search and examination work in respect of these applications, has resulted in an increased workload as well as larger backlogs in many patent offices. The negative impact of this situation is that the timely publication of patent applications is delayed in those countries that do not provide for early publication and the period of uncertainty as to the rights which may arise from the grant of a patent is prolonged. These matters are important for both patentees and third parties.

46. The comments and concerns expressed by various delegations, organizations and interest groups in submissions on this issue suggest that an internationally acceptable system for the preparation of applications and more particularly for the drafting of patent claims and their interpretation should be investigated. A number indicated that any system would however need to be flexible enough to take into consideration the wider range of technologies and circumstances that give rise to inventions.

47. Views differ as to how change on these fronts should be achieved. Some indicate that it might be achieved via the PCT reform process and perhaps used as a basis to further develop a comprehensive SPLT system. The majority of views appear to favor this issue being addressed by the SCP.

Objectives and Advantages of Substantive Patent Law Harmonization

48. The overall objective of further harmonization of substantive patent laws is to achieve enhanced legal certainty whilst continuing to streamline and simplify practices and procedures, reduce costs and maintain quality in the rights granted. Harmonization of substantive patent law should allow the same application to be filed anywhere and satisfy both formality requirements in whichever country it may have been filed, and at the same time satisfy common patentability criteria in all countries. Applicants should be able to expect that, for the purposes of substantive examination in all offices, there would be a high degree of certainty that such examination would lead to the same results in different patent offices.

49. Harmonization further constitutes one of the necessary conditions for reducing the workload burden of patent offices. Harmonization of the main substantive requirements of patentability around the world should induce patent offices to envisage certain forms of recognition or exploitation of the work of other offices. This could take the form of a simple exchange of search reports, recognition of search reports by other offices, or even a unilateral recognition of examination results in other offices. The degree of cooperation among patent offices will depend on a number of different factors, such as the degree of harmonization achieved, the political context in the countries concerned, and the size of the workload in different offices.

50. Harmonization of conditions of patentability is sometimes viewed as an instrument serving only the interests of users and offices of industrialized countries. In reality, however, the picture looks different. The advantages from which the users from developing countries, in particular, would benefit encompass, for example, easier and more affordable access to foreign patents systems, reduced risk of errors and loss of rights, better access to patent information and reliance on a familiar set of requirements of patentability.

51. A concrete example which may have particular relevance for developing countries relates to the definition of prior art. If the standard presently discussed in the framework of the draft SPLT, according to which prior art should be everything that has been made available to the public before the filing or priority date of a patent application anywhere in the world in any form, were to be put into practice as the common world wide standard, products publicly used in certain parts of the world (for example as a form of traditional knowledge), but not patented or published in written form, would form part of the prior art and bar the way to obtaining a patent for that product anywhere in the world, or for obvious developments of it. In addition, developing countries also face an increase in the number of patent applications and increased harmonization would enable such countries to more readily accept and rely on the results of work done in other countries. An exception to this may be in the area of subject matter, where many States feel a particular policy need to retain the flexibility which is available under the present framework. It may be desirable therefore to consider the possibility of options where States could achieve the benefit of harmonization of novelty, inventive step, prior art and the like but maintain a reservation in respect of subject matter.

Present Challenges

52. The process of harmonization faces a number of challenges. While some of these challenges appear to be amenable to some kind of solution, others raise more complex issues.

53. A first category of issues relates to the numerous different interests involved. On the one hand, a wide variety of legal approaches to patent law exist at the national and regional levels. These range from fundamental differences in the patents systems (for example first-to-file and first-to-invent systems) to divergent office practices and procedures. Therefore, full harmonization would require a significant number of changes in the legislation and practice of many States and regional patent organizations. In other cases, the practices applied by patent offices do not vary in substance, but the wording of the legal bases of those practices is different, thus raising the need for the common ground to be identified and understood. At the other end of the spectrum, the user groups pursue various different objectives, depending on their fields of activity and interests. Thus, for example, independent inventors, large industries and professional representatives do not necessarily share common objectives. All these divergences raise significant challenges to harmonization, in particular, to achieve deep harmonization, including not only the basic legal principles but also the practices applied by different patent offices.

54. A further challenge is of a more institutional nature. Substantive harmonization is sometimes viewed as the first step towards a global or world patent, thereby threatening the *raison d'être* of individual patent offices. In this context, sovereignty issues constitute an important factor and cannot be ignored in discussions on further harmonization.

55. In a number of cases, policy issues related to patent matters also play a role in the discussions on harmonization. For instance, views of Member States vary on the role patent

law plays in respect of issues such as health policies, access to genetic resources or the protection of traditional knowledge. These subjects are more fully discussed in Chapter VII below. In order to address some of these issues, an Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore was set up by the Assemblies of the Member States of WIPO in 2000.

56. The patent offices of certain Member States are already examining the possibilities of and, to some extent, applying at least unilateral recognition or exploitation of at least search results. The main reasons for initiating such action are the following. First, growing backlogs in patent offices require a quick solution, while the harmonization process is far from its conclusion. Second, a number of substantive patentability requirements, including certain office practices, are already the same, or lead to the same results, in many patent offices, for example, concerning the examination of novelty and inventive step/non-obviousness. This confirms that even without closer harmonization there is scope for achieving some further progress on the international patent system.

57. In some respects however, the absence of substantive harmonization will greatly hinder future developments. One example is the examination of inventive step/non-obviousness of patent applications: the way of examining inventive step/non-obviousness influences the examiner's approach to searching prior art. Since the methodology for assessing inventive step/non-obviousness is not the same in all countries, the way of looking at and searching prior art varies accordingly. This is just one example where further harmonization, in this case on the methodology of assessing inventive step/non-obviousness, could influence a possible future cooperation among patent offices, since a uniform searching of prior art appears to be an important condition for the effective recognition of examination results.

Limitations of Substantive Patent Law Harmonization

58. The explanations contained in the preceding paragraphs illustrate that harmonization of the substantive aspects of patent law on a worldwide level would contribute to the further development of the future international patent system. Nevertheless, even if deep worldwide harmonization were achieved, it would not suffice, on its own, to meet all the needs and concerns of the users of the system. The following aspects, in particular, would still lack a satisfactory answer.

59. The present discussions on substantive patent law harmonization do not, as a general rule, cover enforcement issues. Lack of a harmonized enforcement regime, however, means that, even if a patent could be obtained on the same conditions in different countries, national courts would still be free to take decisions in different ways, for example, in infringement cases. In addition, infringement and invalidity matters would have to be raised with multiple national courts at high cost.

60. A further problem which could not be solved through the means of harmonization concerns the costs of obtaining patent protection and maintaining a patent in a number of countries. Not only do patent offices request a number of different fees during the life of a patent application, but, in general, annual fees have to be paid for the maintenance of the patent. Depending on the number of countries where patent protection is sought, these costs can be important. Harmonization alone cannot offer a solution to this problem, which can only be solved by further concentrating national and regional procedures and by broadening cooperation among patent offices.

61. An issue which is one of the main factors leading to high costs for applicants and patent owners is the requirement for translation of the patent application. While the PLT, once in force, will allow for the description and some other parts of the application to be filed in any language for the purpose of obtaining a filing date, Contracting Parties will still remain free to request, within certain time limits, a translation into a language accepted by the office concerned. If translations have to be filed in a large number of patent offices, the cost for applicants will be very high.

Matters for Consideration

62. Much of the foregoing has been expressed on a number of occasions during the discussions on harmonization conducted between Member States. Some additional comments and concerns have been expressed by various delegations, organizations and interest groups in their submissions in response to the Director General's request for comments. The submissions have variously canvassed the advantages and limitations of substantive patent law harmonization. Most, if not all, have indicated that further work on harmonization should be undertaken in the context of the SCP or of reform of the PCT.

63. Work on harmonization of substantive patent law should be intensified, concentrating particularly on those elements which are key to the validity of patents, including matters of how applications are presented, so that an applicant can create a single application which will be acceptable in any participating state. This should include especially prior art, novelty, inventive step and the drafting and interpretation of claims.

64. Another high priority should be the creation of procedures allowing applications to be processed more efficiently, particularly in the case of complex applications or ones which might be considered to contain multiple inventions, without prejudicing the reasonable expectations of applicants or third parties.

65. Many of the submissions indicate that benchmarking studies would be desirable. These could assist in achieving harmonization of search and examination policy, practices and procedure between the offices of different States. They may be particularly beneficial in new, or newly exploited, fields of technology. They would also be beneficial in identifying the extent to which results were already equivalent and where, and to what degree, there were differences. This may help focus discussions in the SCP more effectively. However a number of States indicated that these studies should not be conducted by WIPO since this would simply duplicate work which are already being done by individual States or else in conjunction with other international organizations, such as the WTO.

66. It is recommended that Member States make public, through WIPO, the results of any benchmarking exercises which may be useful in identifying areas where the effect of national laws and procedures are the same, or the extent to which the effect is different.

IV. THE SPECIAL NEEDS OF SMALL OFFICES

The Characteristics of Small Patent Offices

67. Before setting down the characteristics of a small office it is necessary to try to define what such an office might be. It is not easy to determine precisely what is meant by a small patent office. Should the definition be, for instance, couched in terms of number of

applications filed, patents granted, etc.; number of staff, either technical or total; or are there some other criteria? Since one of the main thrusts of this document concerns workloads, a "small patent office" should be understood as one which does not have the number of patent examiners sufficient to carry out a comprehensive search and substantive examination in respect of inventions the subject of applications for patents across the whole range of technologies, and in view of other priorities of public policy does not have the capacity to acquire the requisite number. However, smallness is a question of relativity. Compared with the Offices of the United States and Japan, and the European Patent Office (EPO) (the "Trilateral Offices"), almost all patent offices might be regarded as small, whether they be in industrialized countries or countries from the developing world, especially in the least developed countries (LDCs). In all cases however, Member States should make the minimum investment to make sure that their patent offices should be of the "right" size for their particular needs. Therefore the size and appropriate level of resources to be provided for patent offices should be determined in relation to a variety of factors. These include their policy priorities, the size of market (industrial activity), the degree of demands for patents, and the constraints regarding availability of resources (human and financial), whether the countries concerned are in the developing world, countries in transition or industrialized countries.

68. Generally speaking, a patent office should be a dynamic public agency responsible for promoting scientific and technological innovations by facilitating access to all relevant patent information by R&D institutions, local industry and the public at large. It should also be responsible for maintaining an effective system of legal protection for patent rights in general under national patent law. Within such an environment, business enterprises would be encouraged to invest more on research since they can more readily reap benefits and/or be able to place their patented products on the market without fear of imitation, since their rights on these products would be adequately protected.

69. A patent office also has a part to play in enhancing public awareness as to the role of the patents system in the economic development of a country. It does this in cooperation with other interested parties (ministries of trade, economy, industry, technology and science, police and customs authorities, the judiciary, and the private sector). Such a role is achieved through general campaigns directed at the private sector and the public at large. Additionally some patent offices have a part to play in respect of activities to develop national human resources for patent related matters, such as patent attorneys, teaching professions for patent law etc.

70. The fundamental characteristic, however, of all patent offices lies in the role of receiving and processing of patent applications, and the ultimate grant of patents, in a timely and proper manner according to the national patent law. The processing of a patent application is generally seen as including a search (for the purpose of assessing novelty) and an examination (but not necessarily on the substantive questions).

71. Some countries in the developing world have other more specific objectives that are dealt with by their patent offices. For instance, the need to facilitate transfer of technologies to the country as well as the promotion of indigenous technologies by the registration of contracts dealing with the transfer of technologies at the patent office.

Needs of Small Offices

72. In order for a patent office to fully achieve its mandate, it must have in place certain essential resources, in addition to a proper national patent law. In the first place, an office

must have qualified human resources. Due to the technical nature of the patents system, the personnel in a patent office need to have access to specialized training in fields such as intellectual property law, information technology and engineering/science. As intellectual property is not included in the curriculum in most universities in the developing world, this training generally has to be obtained in or from developed countries, at a cost. In any case, specialized training in patent examination techniques will generally be required. Furthermore, an office needs equipments such as computers and software, as well as an up-to-date database for the purpose of carrying out the required searches and substantive examination, if needed. Last but not least, a patent office needs financial resources for day to day running of the office as well as for overhead costs. This poses a problem in countries with scarce resources, since intellectual property may not be considered a high priority when compared with problems associated with health services, educational facilities, engineering infrastructure, etc. In a number of these countries, qualified technical personnel are in short supply and required elsewhere in the economy. In some countries there are additional specific constraints such as geographical isolation and extremely small markets due to small populations, meaning that patent applications originating from nationals of those countries may be rare. These factors, if coupled with a lack of awareness on the importance of intellectual property generally in economic development, inevitably lead to very little or no political will. Without such political will, it is not easy for any office to achieve its mandate.

73. In the light of issues associated with the costs of administering an effective patent system, the likely resource constraints and lack of relevant technically trained personnel experienced by small patent offices, it would seem inappropriate to put scarce, expensive resources into the creation of an examining patent office. What then are the possibilities for such offices?

The Submissions

74. The comments and concerns received from various delegations, organizations and interest groups in submissions in relation to small offices included the following suggestions:

- (i) Advice and assistance to small offices might be developed around the following:
 - development of legislative systems to meet the minimum world standards as set out in the TRIPS Agreement and to provide access to international registration systems such as the PCT;
 - the provision of means within the relevant technological environment, to allow for efficient operation in respect of recording application data, and public search and retrieval of data;
 - recognition of the results of the work of other offices in respect of any equivalent application; and
 - where appropriate or needed, use of outsourcing of the search and examination work associated with pre-grant processing of patent applications.
- (ii) Small offices should not attempt to build up complete systems for pre-grant processing of patent applications. They should be encouraged to:

- seek bilateral cooperation with other patent offices having the facilities for pre-grant processing;
- make greater use of international -type search (under PCT Article 15(5)); and
- consider use of deferred examination until questions concerning patentability have been dealt with in a country or region having the facilities to perform the complete examination of patent applications.

(iii) Small offices may consider adopting an approach under which the grant of a patent in country “A” is based on a grant in country “B”. This approach has been followed very successfully by a number of countries for many years.

(iv) Small patent offices that are not able to provide the infrastructure and, in particular, the range of examiners required to provide thorough examination, might consider the option of a non -examination system. The South African patent system might form a precedent for such non -examining patent systems.

(v) Some small patent offices do not have the expertise to search and examine applications in all areas of technology. Assistance could be provided to these offices by allowing them to send applications in areas of technology where little or no expertise is available to other patent offices that do have that expertise. Different offices could assist in different areas of technology.

(vi) Programs should be developed in order to encourage small patent offices to join existing, or be involved in the development of new, regional systems for the grant of patent rights.

Matters for Consideration

(1) Development of Legislative Systems

75. It is clear that a number of countries in the developing world require considerable assistance in modernizing their patent systems including their legislative frameworks so as to meet minimum world standards as, for instance, set out in the TRIPS Agreement and the PLT. Some countries in the developing world may also require additional assistance in enabling a better understanding of the PCT and the advantages it may bestow on their country and more particularly on the operation of their patent offices.

76. The Secretariat will continue to provide assistance, upon demand, concerning the development of legislative systems in developing and least developed countries, with the aim of facilitating those countries both understanding and meeting their obligations or acceding to the relevant Agreements or Treaties, as well as understanding the specific flexibility that may be available to them, in view of their social and economic development and conditions, under those Agreements or Treaties. ay

(2) Development of Administration Systems

77. Hand in hand with the development of legislative systems is the modernization of administrative structures. There is an obvious need in a number of Member States for

significant improvements to be made in the environment under which patent applications are received and processed.

78. The Secretariat, with the support of Member States, will consider whether further activities can be considered to aid in the development of administrative systems for small offices, particularly in developing countries.

79. In particular, consideration will be given to making greater use of modern information and communication technology in the obtaining and processing of patent rights. This is of particular significance when dealing with the reduction, if not the elimination, of paper processing. Greater use of technology should also allow the introduction of simpler procedures.

(3) *Recording of and Access to Information*

80. Modern information and communication technology (ICT) offers greater possibilities in recording and accessing all forms of information relevant to the processing of patent applications. It also opens up a number of possibilities for better dissemination of information held within patent offices both among patent offices themselves and also to users of the patent system and the public at large.

81. It is suggested that the Secretariat should investigate how new technology can be put to greater use to allow for efficient operation in respect of recording applications data, and public search and retrieval of data, and provide, upon request, assistance in developing solutions based on ICT to problems being encountered in small patent offices.

82. In the investigation, considerations should be given to ways in which WIPO NET and intellectual property digital libraries (IPDLs) could be further developed and used to assist patent offices, particularly small ones. Issues include what information services can be delivered through WIPO NET.

(4) *Substantive Examination of Applications*

83. Generally speaking, a number of small and medium-sized patent administrations are not able to acquire, for a variety of reasons, the technical personnel required to staff an examining patent office, given the huge upswing in patent applications around the world. As indicated in Chapter II of this document, small and medium-sized patent administrations should consider taking maximum advantage of the work done, or capable of being performed in other patent offices. This will allow them to devote their resources to other, more urgent, public priorities.

84. The Secretariat will provide advice, upon request, to those small offices facing difficulties in processing patent applications in a timely and efficient manner.

85. Such advice may include *inter alia* a number of options or paths that might be followed, including greater recognition or exploitation of the results of the work of other offices in respect of equivalent applications. Where appropriate or needed, the options might include consideration of outsourcing of the search and examination work associated with pre-grant processing of patent applications. In this regard, countries might consider bilateral cooperation with other patent offices having the facilities for pre-grant processing. Bilateral cooperation may include cooperation in the examination of applications in specific areas of technology where technical expertise is not available. The advice may recommend, where

appropriate, that small offices consider making greater use of the opportunity to obtain an international-type search under Article 15(5) of the PCT. Small offices may also be advised to consider use of deferred examination until questions concerning patentability have been dealt with in a country or region having the facilities to perform the complete examination of patent applications. The advice in respect of the foregoing should indicate the modalities required to implement the chosen option, including advice as to possible legislative provisions to give effect thereto.

(5) *Modified Substantive Examination of Applications*

86. In some countries of the world (both industrialized and developing), rights may be established after a simplified form of substantive examination following submission by an applicant of affirmative examination results from another country's patent office. The patent officer retains its decision-making power (its sovereignty) through this simplified substantive examination process known commonly as "modified" examination. Under this process, which exploits the work done by another recognized patent office, if the applicant brings the description and claims of the application into conformity with that in the patent granted in the originating country, then in most circumstances a patent will issue. This system has advantages both to the applicant and the patent office applying modified examination techniques in terms of costs and ease of processing.

87. The Secretariat will provide countries interested in modified substantive examination with advice on the manner of implementing such a system and the experience of countries that have implemented such a system.

(6) *No Substantive Examination*

88. Generally speaking, systems involving no substantive examination result in patents being granted after a simple examination as to compliance with formalities. The justification presented by proponents of non-examination systems is that it is better to have a system of non-examination of patent applications than a system in which applications are badly or inadequately examined. The non-examined patent does not pretend to be anything else and is far less costly to obtain. The South African patent system is said to be a successful precedent for such non-examining patent systems. The experience in South Africa has shown that, with the appropriate checks and balances, and with careful and accurate administration, examination as to patentability may be dispensed with, while retaining a perfectly workable patent system, unencumbered by the cost of such examination.

89. Any system which features non-examination of patent applications must include safeguards to protect the public and third parties. In particular, pre- and post-grant amendment must be possible, and failure to take appropriate amendment action prior to litigating must carry with it serious consequences. A non-examined patent, when challenged, should then be subjected to search and substantive examination and must have a proper and qualified forum in which the patentability of the invention can be assessed. For the system to operate in an efficient manner it is heavily dependent for its integrity upon properly qualified and strong patent attorney profession and a sound system of courts providing for easy and affordable access.

90. In relation to checks and balances, an alternative approach might be as follows. Where a patent has been granted, the patentee is not permitted to enforce any rights under the patent until the patent has been amended, if necessary, to bring it into conformity with a

corresponding patent granted elsewhere under a restrictive substantive examination regime, or to an application which has had a certificate of patentability issued under PCT procedures (see Chapter VI). Alternatively, the patents should be examined after grant against strict patentability criteria in a respected examining office or authority under a bilateral arrangement.

91. Upon request, the Secretariat will provide advice as to the operation of non-examination systems and the checks and balances that should be considered when contemplating the introduction of such a system.

(7) *Membership of Regional Systems*

92. Small countries could well set up patent offices of their own, but such patent offices would then have to face a certain number of constraints which may impede them from achieving their objectives. If it is the will of small countries to establish an efficient patent system that would be adapted to their specific needs without the use of scarce resources, considerations should be given to new regional cooperative groups. Regional cooperation is discussed in greater detail in Chapter V.

V. REGIONAL COOPERATION

Introduction

93. The procedure for the grant and maintenance of industrial property rights involves the performance of administrative functions which are substantially the same, or at least similar, in a number of countries. It is often the case, therefore, that the work done by patent offices in various countries is exactly or nearly identical. Intergovernmental cooperation in the field of industrial property can accordingly lead to substantial economies in resources, both human and financial. For that reason, countries in several regions of the world have combined their efforts in order to make procedures relating to the grant of industrial property rights more efficient and economical. Benefits accrue to applicants in the sense that in most situations the filing and processing of their applications is handled by a single authority or office thus saving time and money. It should be noted however, that the establishment of a regional system does not necessarily result in the abolition of national patent offices in Member States. It does allow those offices to concentrate their resources on other priority activities.

94. Intergovernmental cooperation is particularly suitable between groups of countries that share some common characteristics. Some characteristics that have been relevant to the formation of regional approaches include:

- geographical proximity of the countries concerned;
 - existing cooperation programs in related areas such as trade and development;
- and
- similar legal, linguistic and cultural backgrounds, with an accepted common language.

95. There are examples where the advantages of intergovernmental cooperation have been recognized even in regions where more than one language is involved.

96. The aims of intergovernmental regional cooperation are generally to reduce the administrative burden to the States involved, to promote cost effective IP systems for users, and to foster trade and investment within the region.

97. In some regions, this form of cooperation has resulted in common administration of patents systems. These include the Organisation Africaine de la Propriété Intellectuelle (OAPI), African Regional Industrial Property Organization (ARIPO), the Eurasian Patent Office (E APO) and the European Patent Office (EPO). These regional systems have allowed applicants in countries outside the region to file a regional application through PCT. Additionally they have provided a gateway enabling nationals of countries in a region to file applications in other countries of the region and thus avoid duplicative filings. In this respect, links between the present regional systems and the PCT have demonstrated the complementary relationship between the PCT and the regional systems. Thus, when reshaping the international patents system, this relationship needs to be borne in mind, especially when seeking global solutions as to the best practical way of reducing the administrative burden on different offices, including the International Bureau, in particular, by facilitating search and examination, and eliminating much formality checking, data entry, data processing, and publication.

98. Should close trading relationships exist within the countries of a region, it is likely that many identical patent applications would be filed in those countries. This would create a great deal of administrative duplication which could be eased by a cooperative approach to administration, freeing up scarce resources for priority activities such as promoting awareness and more effective use of the patents system by nationals and small and medium-sized enterprises (SMEs) of the countries concerned. Given the common resource limitations that may confront countries in a region, there is a strong rationale for reducing the investment of resources in unproductive and repetitive processing of patent applications, especially when these can be better applied to improving the commercial and economic benefits of the patent system.

99. Any such cooperations should aim to be:

- self-funding, so that any regional arrangement is fully maintained by user fees (with possible financial support from other sources especially in the early stages);
- fully accessible in all participating countries, using information technology to ensure that users of the system have direct access and a full range of information regardless of their geographic location in the region; and
- supported by capacity building programs to increase the use and benefits of the system for individuals and enterprises in the countries, with specific focus on areas of key economic and social significance.

Harmonization of Legislation

100. An important prerequisite to any consideration of regional systems is the harmonization of the relevant legislation. The degree of harmonization required will depend upon the regional arrangements being considered. For instance, a regional patents system based on a fully unified system will require harmonization in respect of both substantive and procedural law. Systems in this category would include those under the Eurasian Patent Convention, the

European Patent Convention and the Gulf Cooperation Council. Systems based on other regional patent systems would not require fully harmonized legislation and should only require uniform patent granting procedures based upon the PCT requirements.

101. Regional systems, which require harmonization of both substantive and procedural law, would be the most difficult to negotiate/implement, but would generally speaking be the easiest to administer. It is also important to note, however, that the TRIPS Agreement, the PCT and the PLT could provide the minimum basis for harmonization.

Financial Considerations

102. In establishing regional systems, some capital investments may be involved, in particular, in physical infrastructure and human resources. As stated above, any regional arrangement to be implemented should be self-funding in the sense that it is fully maintained by user fees and perhaps in the early stages, with financial support from other sources. These issues would need to be investigated at the appropriate time.

103. So far as fees are concerned, one possibility might be to have the fees payable by applicants who are "small entities," subject to a substantial discount. To ensure that the cost of using the patent system is not a deterrent to domestic innovation, particularly for individuals and small enterprises, there is an increasing adoption of "tiered" user fees, particularly with respect to patents. Often called "small entity" fees, these are substantially lower than (for example 50%) regular prescribed fees and generally apply to filing of applications, requests for search and examination, granting of patents, and annuities required to maintain patents in force. Tiered fees must meet TRIPS Agreement and Paris Convention requirements, in particular that the national treatment provisions must be respected. Experience has demonstrated that most beneficiaries of "small entity" fees are domestic innovators and applicants. It is also a possibility to have reduction in fees for applicants from countries whose national income is below a certain level according to national figures used by the United Nations.

The Submissions

104. The comments and concerns expressed by nearly all of the various delegations, organizations and interest groups in the submissions were supportive of increased regional co-operation. Views were expressed indicating that further regional systems should be established based upon existing experiences. Further, it was said, cooperation involving the users should be developed in order to overcome workload challenges until a satisfactory international patent granting procedure has been developed.

105. A number of specific points were made in the submissions received. Some submissions stressed that regional groupings may be a useful intermediate stage on the learning curve to the ultimate long-term objective of full international cooperation. It was said that regional patent systems are an important and effective link in the global patent system, by means of which applicants receive patent protection at the lowest possible cost, not only in one country but in a whole range of countries. Successful regional systems could demonstrate the benefits that may be gained, including simplicity, economy, timeliness, consistency and better use of scarce resources and skills through economies of scale and scope.

106. Other submissions indicated that issues to be faced in setting up such systems include concern over the potential loss of sovereignty and loss of national skills. In deciding whether

to set up a regional patents system, political and economic considerations carry weight, as well as similarities in other areas, including the state of development and legal systems.

107. Some submissions pointed out that regional cooperation had the potential to reduce a number of the burdens that the existing patchwork of national systems with different practice entails. In that way the patent process itself would be clearer for the applicant and the costs in connection with an application for a patent will properly become lower. In addition, it was emphasized that it would be easier for the regional offices to compare and harmonize their practices and thus assure an international transparency in the patents system. It was asserted that speed, extension and possibly harmonization would take place in such a way that national and regional conditions are respected. The majority of submissions also emphasized that regional patents systems will in the future be the most effective way to obtain more harmonization resulting in further cost reductions.

Models for Regional Cooperation

108. As indicated above, there already exist a number of regional patents systems operating in different parts of the world. These could form the basis for the introduction of new regional arrangements in other parts of the world, particularly in the developing world. All these systems involve the establishment of some form of centralized office within the region.

109. To assist countries in the developing world at different stages of development, WIPO could investigate the possibility of a new regional arrangement. Such an arrangement would be one in which the International Bureau would act as the central authority and would be responsible, through contractual arrangements with other patent offices, for the processing of applications to a stage ready for grant. This would have the advantage of obviating any potential political problems associated with the establishment and location of a regional organization. Under the PCT, the International Bureau has gained enough experience and credibility required as a central authority for processing patent applications. The possible extension of these types of function to the processing of patent applications outside of the PCT deserves some serious consideration.

110. Conceptually, the system envisaged would be one in which a single application would be filed which would automatically designate all countries of a region wishing to be involved. The grant of a patent would be based on search and substantive examination (rather than simple procedures in which a patent may be granted after checking for compliance with formality requirements), after which a certificate of patentability would be issued to the effect that the application had satisfied certain criteria. The ultimate decision as to whether to grant a patent or refuse the application would be left to the individual national offices in the designated countries. Once granted, the patent would be subject to national law.

111. The system could be tailored so that modified arrangements may be applied in different regions of the world, that is to say the system need not be a "one-size-fits-all" arrangement. Contractual arrangements could be made with different patent offices to take care of language and other concerns. An arrangement that might satisfy, for instance, countries in the Caribbean could be modified for, say, a grouping of South American countries, and modified yet again for an arrangement fulfilling the requirements of Pacific Island countries, but in all cases would nevertheless satisfy the basic overall conceptual arrangement.

112. Under such a system there is no disturbance of any national sovereignty in the decision making process. Additionally there would be little or no direct resource implications for the

countries involved. That is to say, there would be no need for a skilled workforce capable of making the decision as to whether or not to grant a patent based on the information received from the central search and examination body, since a certificate of patentability would be available.

113. This system would require the legislation of the various countries to be harmonized at least to the extent of having common granting requirements and procedures, which should be based on PCT requirements.

114. The proposed system would have the advantage that it could be a useful intermediate stage leading to the ultimate long-term objective of full international cooperation as referred to in some submissions. It is envisaged that any regional grouping under this proposal, whilst being outside the current PCT system, would nevertheless enable the system to be recognized as a regional arrangement for the purposes of the PCT.

115. The manner in which the proposed system might be implemented would need to be elaborated in more detail, and a number of issues would need to be addressed including the following:

- as the system would probably need to be set up outside of the existing PCT system, a legal framework would need to be established under which the International Bureau was mandated to act as the central authority;
- the availability of at least one patent office or organization which is competent and available to undertake the search and examination work required leading up to the issuance of a certificate of patentability; and
- resolution of the question of source/availability of sufficient funds needed to cover the administrative costs necessary for the International Bureau to act as a central authority under this proposal.

116. The Secretariat will provide advice and assistance to groups of countries that are interested in pursuing some form of regional cooperative arrangement. The advice could be based on regional systems which currently exist or modifications thereof tailored to meet specific needs of the countries seeking the advice.

117. It is suggested that the Secretariat prepare a study as to the viability of the particular possibility for administering new regional systems outlined in paragraphs 108 to 115, above, and if the study so warrants, seek a mandate from Member States to proceed further.

VI. THE PCT AS A VEHICLE

118. The PCT has a proven record in bottom-up harmonization of formalities. The system extends to 116 Contracting States; in 2001 there were over 100,000 applications; both membership and use of the system are still growing. Already the system is used for a large proportion of the total number of applications filed and processed internationally. The ever-increasing use of the PCT system by applicants from all Member States demonstrates that innovators require protection in many States and demand an effective way of acquiring it.

119. States overwhelmingly take the PCT not only as an important tool today, but as a key part of any system for international protection of inventions in the future. This does not imply that it is essential that the PCT evolve into a system for granting patents instead of the current system for easing the process of application for patents. Rather, this is an established and trusted system, which gives States and users a solid basis for any further developments which may be desired.

120. The PCT already rationalizes:

- obtaining an application date applicable in each designated Contracting State;
- formalities checking – the international check is not repeated in each State (and in combination with the PLT provides common formalities standards for direct national filings);
- provision of international search and preliminary examination reports (available, but not binding, for the national phase); and
- distribution of application documents.

121. Furthermore the Committee on Reform of the PCT is considering a large number of proposals for amendment of the system. These will go a long way towards making the system more simple, efficient, flexible and useful. For example the enhanced international search and preliminary examination system which has been proposed to the PCT Assembly will be more efficient for International Authorities and yet deliver an international search opinion, equivalent to a Chapter II written opinion, in all cases, giving national authorities and third parties the benefit of reasoned comments even on applications which do not enter Chapter II. The automatic indication of all designations will significantly simplify the preparation and processing of international applications and reduce the chances of errors being made.

II.

122. The IT systems currently being developed, particularly IMPACT and PCTE -filing (PCT-SAFE), will provide improved communications and processing of applications. Through WIPO NET the advantages conferred by these systems will be available to all States.

123. While the PCT system is, by its very nature, primarily a service for the benefit of patent applicants and Offices, the system includes many safeguards, such as its time limits, and benefits important to third parties. It also provides a convenient source of information on the applications (particularly through the PCT Intellectual Property Digital Library) and on the inventions which the applications seek to protect (through the publication of the specifications in paper and electronic form). The intention of WIPO to make available international preliminary reports on patentability centrally (on behalf of the elected offices in the case of Chapter II reports) will further improve access to information for third parties, who will no longer need to inspect the file of an international application to find the reasoned opinion of the International Authority on the application.

Development of the System

124. As indicated above, the Committee on Reform of the PCT is currently considering how far the system can be simplified and improved in the short term by amending the Regulations, together with the Administrative Instructions and Guidelines. Once this is complete, it will be necessary to consider whether further -reaching reform is needed. There have been a number of such proposals already (see especially document PCT/R/1/2 and other documents presented

to the first session of the Committee on Reform of the PCT, May 21 to 25, 2001). These proposals, together with the submissions sent to the Director General, indicate that it will be important to consider carefully both what a revised system should deliver and the infrastructure which is put in place to support this.

125. The advantage of the currently proposed changes to the PCT system is that their aims can be achieved through amendment of the Regulations. These changes can therefore be binding immediately on all Member States. However a large part of the PCT system is set out in Articles of the Treaty, which can only be amended by a revision conference. The changes adopted would need to be ratified by all the Member States to become fully effective. In the meantime, it is possible that there would be a “two-track” system in force where different versions of the Treaty applied to different States. Depending on the nature of the revisions, this might make the system difficult or even impossible to administer, noting that applicants need to be able to make a single application covering States bound by both versions of the Treaty.

126. Consequently any proposal for such a revision would have to demonstrate that there would be an improvement justifying the difficulties. This might be either in terms of a greatly more efficient process for making the applications or else by taking the system to further stages, such as grant of a certificate of patentability, or enforcement rights, and possibly maintenance of those rights, enforcement and invalidity.

127. The prospects for a “global title” are considered in Chapter IX. Matters concerning the infrastructure of the system and other possibilities for increased scope of the system include:

– “International-type” preliminary examination – the PCT at present allows for international-type search, where national laws can make provision for an International Authority to perform a search on a national application as if it were an international one (Article 15(5)). Some States might find a similar possibility useful for examination. This might be allowed at different times for different reasons, such as:

(i) an examination as part of the process of national or regional grant where an office does not have the capacity to examine applications itself;

(ii) in States where full examination was not required before grant, the applicant might need examination of the patent because he wishes to enforce the rights; alternatively a third party might wish to know whether the patent would be likely to affect his plans;

(iii) to give a new opinion later in the life of a patent if new prior art came to light; this might also allow the owner to gain an opinion on proposed amendments to the patent;

(iv) aiding courts – it might help court proceedings, particularly in States lacking sufficient technically qualified judges, if a new report could be established to provide a persuasive (but non-binding) neutral opinion on the validity of the patent in view of any new prior art which had been provided.

– Certificates of patentability – the result of a positive international preliminary examination (or possibly international-type preliminary examination) might be a certificate of patentability. This would be a certification by the Authority that the application in the form

that it had been examined met the common standards for patentability that are provided under the PCT. This could form a more understandable basis for the grant of a patent in countries which choose to recognize such a system.

– Multiple searches during international phase – this option has been rejected for the current round of reforms since it introduces wasteful duplication of work at a time that some Authorities are hard-pressed to provide search simply on the applications for which they are the main Authority. Nevertheless some States indicate that additional searches may provide added value, such as ones focusing on collections of documents in languages for which the main Authority has no specialization.

– Third party observations – many States allow third parties to file observations relating to the patentability of a published patent application, which the examiner may take into account (normally indicating additional relevant prior art not found in the search). The timetable of Chapter II examination would make it difficult to provide a system where the International Authority could take account of such observations, but it may be desirable at least to offer the opportunity for third parties to file such observations centrally rather than having to file them separately in each relevant Member State.

– Reassessment of the roles of national offices, International Authorities and the International Bureau, and how work is distributed (see below).

Areas Where the PCT Might Contribute Further

128. The effectiveness of the PCT in improving the worldwide patents system is not limited to the direct effects of use of and changes to the system. It plays a wider role in helping to set standards, focus the efforts of individual States to improve efficiency in their own patent systems, and build confidence in working effectively with other States. Some areas where this is relevant include:

– setting international standards for IT matters, easing the way toward e-filing and reliable document exchange between offices outside of the PCT system as well as within it;

– providing areas of common understanding of practice in respect of substantive patentability criteria and examination practices, leading towards international harmonization; and

– developing high quality search and examination systems, helping States and users to gain confidence in the maximum effective use of work carried out in offices of other States.

129. Clearly this already happens to a greater or lesser extent. For example talks in the SCP about substantive patent law harmonization sometimes use PCT practice as a reference point since it is a common factor that can be easily understood by all delegations, who are unlikely to be aware of the details of national practice in many other States. However, there may be ways in which this could be done more effectively.

Distribution and Volume of Work

130. The patents system is only as good as the infrastructure is capable of delivering what it promises. The workload of offices must be a serious consideration in any proposal to amend the system – it has been the driving force in bringing some of the recent and currently

proposed changes to the PCT, and it is forcing the reconsideration of traditional views of national systems. It will inevitably be a major issue if new fields of activity are suggested, such as international -type examination, which would involve the International Authorities. The difficulties of offices must not, however, be allowed to completely work on future development of the system; the problems have to be addressed at their root (such as duplication of work, discussed in Chapter II above), so that offices are able to provide the services that States and users wish of them.

131. A number of submissions touched upon the distribution of work. This was considered from different angles. Most significant to the immediate operation of the system is that the number of applications which must be handled by some Authorities means that they are unable to meet the deadlines set by the Treaty. This is being addressed in the short term by a number of measures which have either been adopted recently or else are being proposed to the PCT Assembly in this session. In the longer term it will be necessary either to consider new ways of allocating work and/or make serious efforts to avoid duplication of work.

132. Some States also suggested that it would be useful to have PCT search and examining Authorities with a greater regional distribution, particularly if the PCT develops towards a system of granting patents rather than providing non-binding opinions. Since the decisions of the Authorities will inevitably have an effect on the interpretation of law, there may be a greater acceptance of the international system if the law is not simply created by the existing major offices.

133. It was also pointed out that electronic databases can mean that the same effective searching tools can become available to offices which could not afford to maintain the full PCT minimum documentation in paper form. The use of common tools with extensive databases allows the potential for increased consistency of search and examination reports by different Authorities. It has been suggested that this could allow for a single, but distributed Authority, physically located in and using the expertise of existing offices, but without making any distinction between them as far as the PCT system is concerned. Participation in such a system would then be based on a defined quality standard for work and processes rather than the current quantitative criteria for appointment of an Authority.

134. In consideration of all the above points, it should be recognized that whatever the method of distribution of work, users see the quality and consistency of search and examination work as of paramount importance.

Developing Countries

135. It should be remembered that half of the original 20 signatories of PCT in 1970 were developing countries and many others have joined since, including LDCs both individually and as part of regional groups, seeing it as a useful tool for the State and local innovators alike. The system can reduce the need to establish expensive national infrastructure and offer technical assistance in training of specialists and supply of equipment and systems. For the innovator, the high costs and duplication involved in separate national applications are a greater barrier to international protection for individuals and those from developing countries and LDCs than for major corporations.

136. In developing the system, consideration is being given, and must continue to be given, to what services developing countries and LDCs want from it. For example, the enhanced international search and preliminary examination system was shaped significantly by the

particular need of countries with either no examining capacity or limited examining capacity to have a reasoned opinion available on as many applications as possible.

137. As will be discussed further in Chapters VII and IX, the key to a successful system may be the flexibility to deliver products which meet the requirements of countries with different policy needs. This could involve the creation of a highly efficient core system which meets the basic requirements of all States but allows a limited range of additional possibilities for those States which desire them.

Conclusions

138. The bodies considering reform of the PCT should continue their current program of work, considering the proposals which were presented at the first session of the Committee on Reform of the PCT, together with further proposals of a similar nature.

139. The Secretariat should be requested to assess the viability of, and options for, the main elements which have been proposed as part of a second phase of reform, including: possible methods of amending the articles of the PCT; policy needs of different countries; degree of harmonization which is likely to be achieved between Member States; and consistency and quality issues which would need to be addressed if the nature of International Authorities were changed.

140. The Secretariat, in consultation with the Member States, should consider whether PCT standards can be developed for use more broadly to the benefit of the patent system. This includes technical standards and IT systems as well as the legal framework and procedures which provide common points of understanding in discussions between States where national procedures may vary and not be understood in detail.

VII. MANAGING POLICY TENSIONS

141. The patent system has never been immune from skepticism as to its validity and public benefit, yet the very success and growth in use of the patent system in recent decades has accentuated policy tensions that are increasingly the subject of international policy debate. Policy tensions are evident within the patent system – for instance, the need for more thorough search and examination, increasing the likelihood that granted patents will be valid, has to be balanced against the pressure to contain costs and process applications more rapidly. Policy tensions are also emphasized in consideration of how the patent system interacts with other regulatory mechanisms and affects other policy interests – thus, there is debate about whether granting of some biotechnology-related patents contradicts the principles of the Convention on Biological Diversity, and about whether permitting patents on pharmaceuticals unacceptably impedes access to affordable healthcare, thus frustrating public health programs.

142. Such policy tensions inevitably form the focus of the broader policy debate, not the less immediately apparent benefits that are yielded from the day-to-day effectiveness of the patent system. Yet, as this section elaborates, a more effective and efficient patent system could in itself be a practical means of easing policy tensions. Greater understanding of the role of the patent system as a public policy tool can also contribute to practical resolution of policy concerns. At the same time, this section underlines that there are clear limits to what can be done at the international level to tackle all policy tensions: it is ultimately in the domain of national governments and judicial authorities to identify and implement specific policy and

legal responses to ensure that the patents system does not continue to serve nations' social and economic interests. Even then, an international forum can have an important role to play in the collective search for ways of reconciling competing policy interests within and beyond the patents system.

143. The need to manage policy tensions is not a new challenge for patent law. The patent system has always had to take its place within a broader framework of lawmaking and regulation. Policy tensions were shaping and developing patent law and administration long before the first international treaties on intellectual property. The first codification of the core doctrines of patent law in the common law legal tradition, the English Statute of Monopolies of 1624, was actually passed to promote competition and to abolish monopolies that hindered legitimate trade. It took aim at monopolies that had been granted "upon misinformations and untrue pretences of public good." The patent of invention was recognized obliquely, as an exception under this law, confirming that some exclusive rights are necessary to promote innovation, even within a legal mechanism aimed at promoting competition. It shows a clear articulation of the principles of patent law in itself a way of managing the tension between maintaining trading freedoms in a competitive environment and the need to introduce new industries, thus using private, inherently exclusive rights to achieve general economic well-being. Much of the subsequent development of patent law and administration represents the search for practical and legally sound mechanisms to give effect to this basic principle – for instance, the introduction of disclosure through patent specification and substantive examination for validity helped ensure that, when they were granted, private patent rights would better serve the public interest.

Managing Policy Tensions Through Patent Law Principles

144. The first step in dealing with managing policy tensions is to ensure these basic principles are optimally applied in practice. The criteria for patentability have been formulated precisely so the system is focused on those inventions for which a patent right is most likely to serve the public interest: novelty safeguards the public interest against re-monopolizing public domain material; non-obviousness should ensure that patents are only granted in respect of truly inventive achievements; utility or industrial applicability underlines the need for patented technology to be of practical value. It is striking that many of the policy issues currently raised about the patents system do, directly or indirectly, invoke these core principles. For example, there are arguments that some gene-related patents are either "mere discoveries" or are not truly inventive; and that some patents misappropriate traditional knowledge, and thus either lack novelty or are obvious. Accordingly, the most direct way of managing policy tensions is to hold the patents system to these core principles, and to increase the likelihood that each granted patent conforms with the public interest as defined in the patentability criteria. For systems with pre-grant substantive examination, this entails stronger, clearer and better harmonized patent examination, drawing from a broader and better documented prior art base (such as in the case of traditional knowledge) – so administrative efficiency becomes a concrete contribution to resolving policy tensions.

145. It is suggested that the Secretariat should consider how examination standards can be improved to reduce difficulties caused by invalid patents, such as recommending the addition of traditional knowledge-related material to the PCT minimum documentation.

Managing Policy Tensions Through Reduced Transaction Costs

146. Another direct way of addressing policy concerns is to promote greater equality of access to the patent system. The patent system can be depicted in policy debate as essentially serving the interests of large companies and developed countries – put crudely, the argument runs that the system benefits those who can afford it, more than those who have displayed inventive merit. In fact, the bulk of patent filings are from developed country nationals, and relatively few are in the names of small enterprises, individuals and public institutions. Diverse factors contribute to this situation, yet it is likely that the high costs of patent procedures acts as a greater deterrent for small enterprises and potential applicants in developing countries and as a disproportionate impediment to their full use of the system. Accordingly, a reduction in processing costs and other transaction costs (beyond official fees) would be likely to benefit less affluent inventors, especially in the crucial early years of the development of a new invention when they are unlikely to have access to substantial development funds. The objective of more efficient and lower cost patent processing is accordingly an important means of promoting access and equity in practice, and better aligning the benefits of the patent system with the real distribution of inventive capacity.

Transparency and the Clarification of Patent Policy Issues

147. The increasing practical realization of the principle of disclosure is also a valuable tool for dealing with policy tensions. While transparency is at the conceptual core of the patent system, it has been turned into a practical reality for many potential beneficiaries only recently, through a combination of international standardization (including the move towards 18-month publication of applications as against post-grant publication) and the growth of accessible and widely affordable information technology. It is the very success in disseminating patent information that makes possible the close monitoring and analysis of patent filings that has become a feature of recent policy debate on patents. Where patents are being filed in areas of policy interest and concern, the transaction costs of tracking applications, including in foreign jurisdictions, have been dramatically reduced in recent years. Hence the patent system is more amenable to the direct scrutiny of a wide range of stakeholders than ever before – and indeed the increasing transparency of the patent system is partly what has focused policy attention in this area, as against other issues of potentially more relevance to technology transfers such as know-how, trade secrets and licensing provisions. In this regard, then, international cooperation serves a broad range of interests than simply those of patent owners.

Policy Tensions

148. While international cooperation focused on the more efficient and effective application of core patent principles may help ease policy tensions, improve equality of access, and enhance transparency, this clearly will not address all policy concerns about the patent system. Many policy concerns are raised that go beyond the simple operation of the patent system and the general scope of patent law as such. Part of managing policy tensions involves clarifying the continuing primary role of national governments in more closely defining and implementing the balances between the patent system and other policy mechanisms. The patent system needs to take its place within the full panoply of legal and policy instruments, both at the international level and within the domestic system. The debate highlights the distinction between international cooperation and domestic regulatory activity, and the proper exercise of policy options at the national level, in contrast to the formulation of international standards. There should be close attention in WIPO to the boundary between

international cooperation on IP standards: administration and enforcement on the one hand; and development of integrated domestic policy in specific sectors on the other hand. International cooperation and the setting of standards therefore do not take the place of national governments and judicial authorities determining how the patents system should interact with other domestic policy interests and mechanisms.

Policy Issues and the Grant of Patent Rights

149. Policy debate tends to focus on the existence or otherwise of certain patent rights, but in fact this may obscure the true nature of the policy concern. Apart from the policy concerns that arise when patents are granted in claimed breach of core patent principles (discussed above), tensions can also arise in several other contexts:

– There are concerns about the actual grant of a patent on certain subject matter (such as the grant of patents on inventions considered contrary to morality, to *ordre public*, or to the protection of the environment and human well-being, and concerns about the granting of patent rights on genetic material construed as a form of assertion of ownership over the components of life – as opposed to concerns about the actual use of such technologies, whether or not patented).

– Some concerns relate more to the policy implications of granting patents to a certain invention or class of technology (such as patents on core enabling technologies or research tools, and the concern that this may restrain the development of biotechnology; and concerns that patents on software or business method patents may constrain the growth of electronic commerce).

– Other policy concerns arise over the patterns of ownership of patents or the way patent rights are exercised (such as the ownership of patent clusters creating an effective monopoly in the marketplace, the misuse of patent rights for anti-competitive or other detrimental impact, and the impact of patents on pricing and accessibility of key technologies).

– Finally, some concerns arise from the uncertain public-private interface at the patents system embodies. The patents system, as a policy mechanism specifically intended to use the grant of private rights in order to promote the broader public interest, must entail a dynamic synthesis of public and private interests. While this is often construed as a direct conflict between private interests and the public domain, the patents system represents a choice by legislature to channel private rights and private interests toward the service of public goals – and of course the patent itself is a purpose-built tool for transferring knowledge about the patented technology into the public domain, being invalid if it fails to do so. It follows that the patents system cannot at once stimulate private investment in technology development, and yet undercut the rationale for that investment. Nonetheless, the need to establish the right balance of public and private interests is at the core of many patent policy issues, and especially in mapping out the interface between the patents system and other areas of public policy.

The Patent Per Se May Not Be the Issue

150. Many policy concerns do not arise from the decision to grant a specific patent or not, nor from the existence of the patent right as such. Indeed, in some instances, the disclosure function of the patent has helped bring to light the details of technologies that are themselves

of policy concern – the absence of a patent would in fact tend to technological developments more obscure and could make them more difficult to monitor, and the patent does not create a right to make use of an unlawful technology (such as a technology that impairs the environment or human health). Debate within WIPO and elsewhere should address the current concerns about the patents system yet, inasmuch as it concerns the more efficient and accurate granting of patent rights, it should also clarify that restrictions on the scope of valid patents granted would in many cases not go to the core of the policy concerns. Distinct mechanisms have been developed, and exercised to differing degrees, in national laws and these are recognized in existing international instruments.

151. One important question to consider is the extent to which debate within WIPO should address these “downstream” patent issues, the issues that arise separately from the actual grant of patent rights as such. It is in this general area that governments have stressed the need for regulatory diversity: it is clearly more feasible to work towards a single definition of novelty than it is to set a single standard for determining whether a patent licence has been withheld unreasonably, given the diverse economic and commercial circumstances of WIPO Member States. For instance, the general approach for dealing at the international level with the interface between the patents system and competition policy has been to specify certain procedural safeguards for the patent holder, but to leave it open to governments and legislatures to set the grounds for taking action to deal with competition issues and to national courts to make specific determinations and findings. Equally, the technical determination that a claimed invention is in fact novel is less culturally specific and more amenable to international standardization (once the range of searched prior art is enhanced, to take account of traditional knowledge, for instance), than a determination that the invention is immoral or contrary to public order, or that a patent right has been exercised contrary to the reasonable expectations of the public.

Clarifying, Rather than Foreclosing, Policy Options

152. One way forward on these downstream issues (i.e. those arising other than from the grant of the patent) would be to articulate clearly the nature of the policy dilemma that confront national governments, especially concerning the way patent rights are exercised and potentially misused, and to consider the range of policy responses that governments can take, while continuing to respect the general freedom of action and regulatory diversity that national governments and judicial authorities. Put another way, precisely because these areas involve a careful balance of a range of policy factors and involved diverse national interests, it is inherently less likely that a convergence of exact policy mechanisms would meet the needs and interests of all WIPO Member States. Yet this should not be construed as undervaluing the importance of such policy tools – it is simply recognizing the appropriate limits of international harmonization. In turn, a better understanding of the continuing fundamental role of domestic authorities in setting policy priorities and implementing crucial policy balances actually clarifies and strengthens the policy rationale and political support for international cooperation.

153. There is accordingly a need to maintain a distinction between international cooperation and domestic regulatory activity, and the proper exercise of policy options at the national level, in contrast to the formulation of international standards. This involves direct consideration of the boundary between international cooperation on IP standards, administration and enforcement on the one hand; and development of integrated domestic policy outcomes in specific sectors on the other hand. At the same time, making use of the international IP system actually frees up resources that can be applied to examining and

implementing domestic policy choices, and strengthen the capacity to set domestic policy with greater confidence and a longer term perspective. Put simply, the fewer skilled and patent literate people assigned to duplicating the technical examination of patents, the more expertise is available to work on securing the dynamic benefits of the patent system. This matches the increasing emphasis on promoting skilled, strategic IP management by right holders and other potential beneficiaries of the IP system, particularly in developing countries, given the understanding that this is how the economic and technological benefits of the patent system are captured. Equally, at the policy level, governments increasingly see the IP system as an active policy tool, enabling the national stock of patent rights to become not an economic encumbrance but a potential asset to be governed strategically, as one tool within a broader policy regime, in the national interest for economic development and social well-being.

Patent Policy Skills

154. The submissions and discussion relating to the patent agenda highlight the need for increased patent policy skills and that a awareness of policy options are part of the general package of policy development and implementation, not an add-on or afterthought. It is intrinsic to the development of a healthy domestic patent system for the formulation and implementation of patent laws not merely to track international developments, but to be subject to continuing review, evaluation, reform and development from the point of view of domestic interests and other regulatory mechanisms, within the scope of international norms. Patent term extension systems and mechanisms to promote use of publicly funded inventions (such as the US Bayh-Dole Act) are examples of essentially domestic initiatives intended to improve the interaction between patent rights and other policy objectives, while observing international norms on the definition and grant of patent rights.

155. The Secretariat, in partnership with the Member States, should therefore promote understanding of the policy choices available to governments within the international IP framework with respect to the operational use of intellectual property rights, thus supporting governments in undertaking an informed, judicious approach to applying and implementing international standards. A number of comments on the patent agenda have highlighted government use and compulsory license provisions. The existence of such provisions in national law is itself a controversial and legally well established. Practical questions concern to what extent, in what circumstances, for what purposes and how consistently, these provisions are actually used; and patent law itself (still less international patent law) does not provide complete answers to these questions, which are partly a matter of competition policy (when they concern relations between enterprises) and other policy areas (when they concern government use, for example in public funded emergency health programs, or in meeting defence needs). This is precisely because they are aimed at governing the interface between the patent system and other regulatory systems and objectives; hence the patent system alone cannot provide self-contained answers, and these mechanisms (as well as other mechanisms aimed at suppressing anti-competitive licensing practices and similar objectives) need to be implemented within the broader domestic regulatory and legal environment. It is, in the end, for governments to determine for themselves where the boundaries should be drawn, and how they should be interpreted – typically, it is only a court that can decide on issues of abuse of patent rights, restrictive licensing practices, or extraordinary public need.

Promoting Policy Skill and Policy Choices

156. How then to promote international cooperation in this area? An analogy can be drawn with the management of individual intellectual property rights: WIPO work to provide right holders with the skills required to exploit their patents for the mutual benefit of innovators and the public, through judicious choices in licensing and other forms of partnership. It does not prescribe any specific form of exploitation (exclusive or open licensing, assignment of rights, direct commercialization), precisely because no one mechanism will ever be suitable for each situation. It is more important to develop the skills and awareness that enable the right holder to make the right choices for themselves.

157. The same thing applies at the national level. There is no single template for strategic management of a nation's IP assets, across all sectors and regardless of economic and social conditions. It is, however, potentially useful to build depth of skills and awareness among policymakers, advisor and public sector managers to allow them to assess the options from their country's own point of view, and thereby make informed choices and policy recommendations. Inasmuch as discussions within WIPO can address issues that span policy mechanisms that go well beyond the operation of the patents system as such (in particular, other than the processing and grant of patent applications), it is probably more fruitful, rather than seeking to harmonize the balance of different domestic policy mechanisms, to promote discussion about policy measures that have been employed and found useful by individual governments, and thus maintain the existing range of choice while promoting greater understanding about the choices available and their practical efficacy. Equally, it should be stressed that holding the patents system to its own core principles, through more effective, accurate and efficient processing, is itself a substantial contribution to managing policy tensions, as is the improvement of access to the patents system and the practical transparency and availability of technological and legal information about patents across many jurisdictions.

158. The Secretariat, in consultation with the Member States, should develop a proposal for a mechanism to collect information and exchange national experiences relating to public sector management of the patents system and mechanisms dealing with policy tensions between the patents system and other regulatory mechanisms and policy issues, such as patenting policies relating to publicly funded research, mechanisms concerning public non-commercial use of patented technology and competition issues, and the practicalities and legal aspects of patent licensing.

159. Such information could help Member States to shape their national strategies, of which the patents system forms a part, in order to bring maximum benefit from the system. It is also important that the Secretariat should continue to offer advice to developing countries to help them determine the most appropriate methods of implementing and using patents systems to meet their particular needs; this is dealt with in Chapter IV above.

VIII. IMPROVED SERVICES FOR THE USER

The Importance of Effective Dispute Resolution to the Functioning of the Patent System

160. The effectiveness of the patents system depends not only on efficient means of obtaining patents internationally, but also on efficient procedures for the resolution of international patent disputes. It is of little use to have patents granted quickly if they cannot be enforced in

practice, or if there is uncertainty amongst users about their scope which cannot be clarified within time -frames that allow for technology to be rapidly and productively deployed.

161. It is recommended that the Secretariat should, with support from the Member States, continue to seek to identify the challenges in enforcement of intellectual property, identify best practices and identify needs and means for training and development of enforcement strategies.

Alternative Dispute Resolution

162. In many countries, the court system is under strain, either because of lack of resources or because of the weight of other priorities, such as criminal law. Alternative dispute resolution (ADR) can contribute effectively to the operational functioning of the patent system by adding an additional means for the resolution of conflicts over the use of patents in commerce. The potential of ADR for patent disputes does not, however, seem to have been fully realized.

163. Patent disputes have a number of particular characteristics which are not always well served by national court systems, but which can be addressed by ADR:

- *Technical* – Patent disputes tend to be highly technical thus requiring a great degree of expertise on the part of the decision maker which might not be available in the national court systems involved.
- *Urgent* – Patent owners have usually invested considerable amounts of money in obtaining and marketing their patents, and often operate in a highly competitive environment. It is therefore important that dispute resolution proceedings be as time efficient and reliable as possible.
- *Confidential* – Patent owners may have a particular interest in resolving a dispute confidentially (for example, the avoidance of publicity concern in an unfounded attack on the validity of a patent that forms a fundamental asset of a start-up company).
- *International* – Court litigation is national, while patent owners protect and market their inventions increasingly across borders. Litigating patents in different jurisdictions is, however, not only very costly and complex, but may also lead to conflicting results since the substantive patent laws, as well as their application in practice, still differ considerably from country to country. ADR offers the possibility of a single procedure to resolve multi-jurisdictional disputes.

Scope and Uses of ADR

164. ADR does not offer a complete alternative to court litigation. There are certain objectives that can only be attained through court litigation. In particular, it is not possible to obtain through ADR a decision that is binding on all the world. Since ADR is contractual, the results of an ADR procedure bind only the parties to that procedure. This means that, if the objective is to obtain a decision binding on all that the claims of a patent are valid in their present scope, the only means available for obtaining that decision is a court judgment. Somewhat similarly, in some cases, the objective of a litigant may be to exclude the other party from the market by throwing at that party all the resources that it can muster. Regardless of the appropriateness of such an objective, if it is entertained by a party, that

party will resort to court litigation and will not wish to consider the possible advantages for cost-saving and time-effectiveness of ADR.

165. There are, however, many circumstances in which parties will want to consider using ADR. These include disputes arising in the context of the many business arrangements formed around intellectual property, such as, R&D contracts, technology collaboration agreements, joint ventures and other forms of licensing. These arrangements are characterized often by an international nature and by a non-conflictual but, on the contrary, collaborative relationship between the parties. In consequence, an ADR procedure that is neutral to the national affiliations of the parties, offers party involvement in the choice of the administering institution and the rules, procedures and decision-makers, confidential and specialist can be highly attractive.

166. The WIPO Arbitration and Mediation Center was established at the end of 1994 with the increasingly international and technical character of the exploitation of intellectual property in mind, and with the objective of offering trusted, specialist and neutral administration of arbitration and mediation. The Center has handled over 19,000 disputes in the area of domain names, but far fewer in the non-domain name area. Nevertheless, in the course of the last year, an increasing number of cases has been filed concerning patent (and trademark) disputes. Those cases have often involved high value (in excess of \$30 million in several cases) and have usually involved parties coming from different countries. The results achieved in the cases, particularly through the use of mediation, have been very satisfactory.

167. It is believed that the WIPO Center can offer an attractive service to many enterprises that can contribute to a more efficient and trusted environment for the collaborative business arrangements based on intellectual property. To do so, its services need to be known and appreciated, to which promotion is vital. The Center also relies on the cooperation of many patent professionals, both in their capacity as neutrals in arbitrations and mediations, as well as in their capacity as advisers to enterprises whom they may wish to use the submission clauses of the Center in licensing and other business arrangements.

168. The WIPO Arbitration and Mediation Center will continue to promote, in conjunction with national and regional offices, its services for alternative dispute resolution as a voluntary alternative for conflict resolution, especially in international technology collaboration and licensing arrangements. The Center should also explore ways in which its collaboration with national and regional offices in promoting its services might be enhanced.

Commercial Issues

169. The possibilities that an inventor has for achieving success in creating an invention and commercial success with it can depend significantly on the environment within which he works. His efforts are much easier if he has good access to information concerning relevant fields of technology, the ability to find money to back his research, and advice and help with bringing his invention to market.

170. Valuation of patents was another problem particularly noted. Patents are property and in some cases are extremely valuable but it can be difficult to assess just how valuable in any particular case. This can be a significant difficulty for businesses, wherein in some cases their intellectual property may be their largest asset, which is fundamental to the valuation of the company as a whole. There are immediate practical difficulties for a start-up company where this can be key to getting a loan to allow the full-scale commercialization of an invention.

171. Both individual companies and governments should be considering intellectual property asset management. Essentially this involves recognition of the fact that intellectual property can add value to products, aid creation of new technologies, help bring in new technologies through cross -licensing, attract investment and gain revenue through licensing, as well as other benefits such as aiding retention of employees and promoting culture and pride in achievements. Plans are made to promote the development of IP assets, whether as a company policy or by creation of appropriate national conditions.

172. The responses agreed that these issues are of significant concern. However while a number of suggestions for possible activities were made, there was strong feeling by some States that these were not appropriate matter for WIPO to address directly. They indicated that creating a good business environment and the extent to which support is offered is a matter for individual States and it is then up to the inventor to use this environment to best effect on a commercial basis. A number of responses also considered that a activity by WIPO in this area would risk interfering improperly with the market. WIPO should not play a direct role in innovation support, only provide an appropriate international patents system which is accessible as a tool for inventors.

173. There are of course a number of areas, which should be continued, where WIPO already plays an important role at a more general level, or by helping States, particularly developing countries, to create appropriate services. The Program for Assisting SMEs agreed by the Assemblies in 2000 allows WIPO to improve its response to issues which affect SMEs; to strengthen the capacity of national governments to develop strategies, policies and programs; and to give basic advice on IP issues to SME support organizations worldwide. This allows the groups whose role it is to support small business innovators to improve the help that they can turn give. The program also provides general advice to SMEs through its web -based information service.

174. Furthermore the Innovation Support Services Section provides assistance and advice in establishing innovation support structures in developing countries, needed at national levels, to assess and value inventions and research and development (R&D) results, technical feasibility and market and commercialization potential. These structures then provide services to inventors, researchers, R&D organizations, and others. Furthermore the WIPO Worldwide Academy provides training in intellectual -property related matters for those involved in such support activities.

175. While there was not consensus for WIPO to provide further services itself, a number of States indicated a willingness to share information on matters in this area which may be beneficial to other States.

176. Therefore it is suggested that the Secretariat continue to address innovation support through:

- ensuring that the international patents system meets the needs of inventors, including SMEs;
- maintaining high quality, up to date general information on intellectual property and how it can be used to best advantage; and

– providing advice and training for bodies which support innovation at a national level, especially in developing countries.

177. It is further suggested that Member States be encouraged to provide information which may be useful to other States on mechanisms which may be used for innovation support within States, tools that were available to assist research and development activities, and the valuation and commercialization of patented technology. The Secretariat will consider how best to ensure that this information is shared effectively by all the interested circles within the patent community.

Outreach

178. The growth in the use of patents has in turn brought a growing need to reach a very large and diverse body of users and potential users of the patents system. It is both an opportunity and a challenge to serve the needs of this ever-growing community. Traditional means of providing information and training to this community have been extremely effective and has probably been one of the major catalysts for the growth in the use of patents. However, to best serve the community it is necessary to look beyond these traditional techniques to bring information and teaching more efficiently to a wider audience.

Accessing Patent Information

179. A significant part of the patent system is the knowledge which is offered to the world through publication of the specification. Until very recently, access to this information by the public was in practice fairly limited since comprehensive paper collections of patent documents were only held in a few places and often required specialist knowledge to locate relevant material. This has now changed considerably with enormous collections of patent documents being made available on the Internet, for example through the EPO's esp@cenet system.

180. There is however a desire for information to be available in an easier to use way. At present information sources are organized quite differently which can make effective use of information gathered from different locations difficult. Some questions of the format of data held by and distributed from patent offices will be addressed by the standards which will be required for effective document exchange, noted elsewhere. To maximize the use of information, the question needs to be considered more broadly. WIPO, together with the Member States, need to develop a standardized approach to the collection, storage, indexing, updating, and dissemination of this valuable knowledge.

181. It is recommended that the Secretariat, in conjunction with Member States, develop standards for organizing patent information and best practices for making the information available.

182. WIPONET presents new opportunities for effective communication amongst WIPO and its Member States' intellectual property offices. WIPONET provides a large number of possibilities to support the national and global intellectual property systems. It will assist offices in the processing of patent applications, and also strengthen their roles as a catalyst in technology transfer. This could include developing effective tools which enable third parties to identify those PCT applications which have not entered the national phase. As indicated in Chapter IV above, careful considerations should be given to identifying those services which should be provided to achieve the greatest benefits in the shortest time -scale.

Electronic Processing of Patent Applications

183. Standards have been agreed for filing PCT applications electronically and it is hoped that electronic filing will soon become common and that applications will be processed efficiently through the IMPACT system. Many Member States also either have electronic filing systems available now or else will have them in the near future. The Trilateral Offices, with the cooperation of many other States are working towards a common system for national electronic filing, which will be of great benefit to patent applicants. WIPO supports this effort and should continue to work towards the use of common systems.

184. Various responses indicated a desire for easier centralized access to information on the status of applications and their contents for third parties. On the other hand it was also pointed out that status services are already provided by commercial bodies. Furthermore this would be significantly more complicated than a system for showing the status of granted patents since the procedures involved in different States vary so greatly, as do the levels of computerization of the processing of applications. A few offices have plans to make patent files open to public inspection electronically, but in most cases this is a long way off. It does not seem appropriate to begin a specific project in this area at the present time, though the ability to provide access to such services through a common gateway in the future should be considered in any common systems developed for electronic processing of applications.

New Approaches to Training

185. It is also important to re-examine the techniques used for training the patent community. For example, in the case of the PCT, the number of applicants has seen a double-digit growth for many years. Traditional classroom style training, though very effective, can no longer serve the growing appetite for information. To keep pace with this need, it is necessary to further exploit the new techniques for delivery of training. At the same time, several IP offices have developed very successful and innovative techniques for patent information dissemination using various distance learning techniques to greatly expand their reach. Clearly there could be beneficial synergies from closer cooperation with these offices.

186. The Secretariat is requested to increase its efforts in using distance learning as a tool for delivering training programs and outreach programs in general to a wider audience and explore the use of further innovative techniques. At the same time the Secretariat will continue to explore cooperative agreements with IP offices to extend the availability of training.

IX. THE LONG-TERM FUTURE: IS A GLOBAL TITLE AN APPROPRIATE GOAL?

What is a Global Title?

187. A global title could take many forms, each bringing its own advantages and difficulties. At its most basic, this could be simply a system granting a bundle of national patents which from that point are independent and administered by national authorities in exactly the same way as conventional patents. Alternatively, further administrative matters might be included, similar to the Hague and Madrid systems for designs and marks, so that a central register was maintained showing the status in different countries.

188. The term could also embrace more ambitious systems, where a unitary “world patent” was granted and considered centrally for enforcement and validity across all the participating States. This could only be approached if the States had a great deal of political will from the outset since it would involve significantly greater difficulties of sovereignty and jurisdiction than a basic system of grant.

The Prospects

189. It is clear that few people see even a basic system of international grants as a realistic goal in the short term. Many States are proponents of this in principle, but they see it only as a long term goal, requiring a complete harmonization of laws on patentability in the participating States. Even if close harmonization were achieved, a number of States feel that there are significant issues of sovereignty at stake such that they would not wish to join a system in the foreseeable future where international examination was any more than a recommendation as to patentability. It was also pointed out that entry into such a system should be a matter of choice according to the particular needs of each individual Member State. Consequently, a system along the lines of the current ones should remain available for as long as any State demands it.

190. Nevertheless, it is clear that at least a common system of grants is a heartfelt wish of most users of the patent system, though most stress that this would have to be a robust system backed by full harmonization of laws on patentability (as interpreted by national courts) and consistently high quality of search and examination. For individuals and small companies especially, enforcement of rights even within their own country is difficult and often impossible. Internationally, they find that it is out of the question.

191. In principle, neither a limited deviation from total harmonization, nor matters of sovereignty, would have to provide an insuperable obstacle. Harmonization would need to be deeper than at present, but it is not essential that it be absolutely complete. As long as the options available were sufficient to allow States to include the requirements most appropriate to their particular policy needs, yet simple enough that an examiner could divide cases into clear categories without confusion, it would be possible to envisage a system where a patent was granted in two different forms for different categories of States, or else granted for some States but refused for others. Clearly this system would not be as simple to use or administer as one where the requirements were absolutely uniform, but might still be easier than pursuing separate applications in each State.

192. Furthermore the matter of sovereignty could be addressed using provisions similar to those which exist in the Madrid and Hague systems for marks and designs. The system might include provisions allowing Contracting States the opportunity to refuse the application within a limited time after the application had been “provisionally” granted by an international authority. It should also be remembered that in this basic form a patent could also be revoked in actions before a national patent office or court. More difficult than this would be the setting up and recognition of bodies competent to handle appeals from the decisions of the International Authority examining the application.

193. Any system of centralized grant would also need to consider what other elements should be included at an international level. Administrative matters, such as maintenance of a register, may be desirable, creating a system similar to the Madrid and Hague systems.

194. The needs of third parties should also be considered as well as those of applicants. It has been suggested that the convenience for applicants which would be afforded by the creation of any centralized process for grant of patents sought to be mirrored by providing a system of centralized opposition or invalidity challenges. Of these, an opposition system with a limited period would be seen to impact less on sovereignty, since it would be part of the process leading to grant. Either possibility would raise a large number of practical issues which would need to be considered in great detail if such a proposal were to be further considered.

Systems for Adopting Change

195. The PCT system at the moment provides a system for creating international search and examination reports, but these are non-binding opinions, which States are not required to act by granting a patent. In principle, the Treaty could be fundamentally amended so that the end result was binding on the Contracting States (subject to review, such as appropriate appeal mechanisms, opposition systems and invalidity actions). However few, if any, Contracting States would currently be in a position to ratify such a system and some feel it unlikely that they ever would be. Consequently attempting to "force" change in this way would be likely either to leave the system in an unworkable "2-track" state for a very long time or to have the result that the changes might never come into force at all.

196. Consequently, it seems likely that changes to the existing system will need to be ones which make the process of making an application easier and more effective, but leave in place the fundamental proposal that the end result is normally merely a non-binding opinion, but leaving open the option for individual Contracting States to decide to take the system further with respect to themselves. This may allow Contracting States to ratify changes to the Treaty without concern that it fundamentally changed the obligations which they were undertaking.

197. A "global title" could then be built up to the extent to which different participating States were comfortable using optional protocols. A first protocol might cover the creation of a system of international grant covering the participating countries. This might include the appointment of bodies to act as an appeal tribunal against unfavorable international preliminary examination reports, and preferably to take opposition proceedings, so that those concerned by the grant of rights should benefit from a similar centralization of results. It might also include provisions allowing Contracting States to require national processing of applications in certain situations, such as where it was felt that national law deviated in a significant way from the PCT standard.

198. Another protocol might allow for the common administration of such patents, forming a common register (though the entries for each State would be determined by the courts of each State). If a great deal of confidence were achieved among enough States, yet another protocol might then be envisaged providing for centralized tribunals dealing with matters of enforcement and invalidity. It is clear however that this is a long way off.

199. Any amendments made to the PCT system should not preclude a global title as an option if sufficient Contracting States wish it, allowing for further developments for those States who want to go further, for example by way of optional protocols. The desire for, practicality and extent of a global title should be reviewed when the SCPh has reached conclusions on the degree to which harmonization of substantive patent law can be achieved.

[Annex II follows]

ANNEX II

SUMMARY OF OPTIONS FOR FUTURE WORK EFFORT

268. A robust and dynamic industrial property system, and particularly the patents system, supports and encourages technological innovation, brings more and better products onto the market for the benefit of people, and promotes investment and technology transfer. WIPO must foster a patents system which provides conditions whereby creative potential can be released and channeled into tangible, sustainable development.

269. This Annex summarizes the areas where there are already clear directions which work may take and forms an interim step toward the Director General's vision of a strategic blue-print for the international patents system. Matters are, however, more advanced in some areas than in others. While much can be addressed quickly, some work cannot anticipate the conclusions on a number of important policy issues, which remain to be resolved, either in special forums within WIPO or in other international organizations. The outline of issues raised presented in Annex I includes reference to the effects on developing countries of the development of various aspects of the international patents system. The Secretariat will prepare a further study on these effects when the plans are more fully developed.

270. The summary is divided into two parts: first, options relating to grant of patents, and second, options relating to improving the way that patents and the patents system are used. The fact that proposals are outlined hereof course does not imply that projects which are not mentioned should be reduced or discontinued.

OPTIONS FOR IMPROVING SYSTEMS FOR GRANT OF PATENTS

271. The patents system must offer inventors an effective system to obtain appropriate patent rights and enforce them within a reasonable time and at a reasonable cost. The system also needs to ensure that this does not impinge on the legitimate rights and expectations of third parties and give an effective means of redress in the event that decisions are felt to be incorrect.

Addressing the Immediate Difficulties in Processing Patent Applications

272. The backlogs which are building up in many patent offices need to be cleared. Applicants must get a better service, without compromising quality, and should not have to pay for the same work to be done several times without good reason to gain protection in different states. A solution is needed which will be effective quickly. Many affected states consider that it is necessary to recognize the work which is done on equivalent applications in other offices and only do whatever additional work is essential to ensure that the particular requirements of national law are met. This applies especially to searches but also to substantive examination and formalities. Efforts should be made to encourage and help such activity.

273. In addition, offices (including the International Bureau and International Authorities in respect of the PCT) should ensure that their processes are streamlined and effective and deliver a high quality service, meeting the needs of applicants. In all measures, a proper respect for the rights of third parties must be maintained.

(i) The SCP and the bodies considering reform of the PCT should continue their current programs of work, treating as particular priorities measures which aid the reduction of

duplication of work and more efficient processing of applications. [Paragraphs 29, 63, 64 and 138]²

(ii) Consistency and quality issues should be addressed. The Secretariat, with Member States and International Authorities, should investigate options for ensuring quality standards and results of benchmarking exercises should be shared. [Paragraphs 30 and 66]

Providing Improved Services and Developing Common Standards

274. Users – especially patent applicants, but also third parties wishing to monitor the progress of patent applications – should receive an effective service. The international patent system would be easier to use for applicants and more transparent for third parties if national systems were made to be as similar to one another as the different needs of States permit. The PLT goes some way towards this end. Substantive patent law harmonization and common systems and procedures in further areas, where appropriate, will aid understanding of the system and can contribute to improved consistency, quality and service for all users of the patents system.

(iii) The Secretariat and Member States should consider developing and implementing further common standards, databases and IT systems, possibly based on international systems developed under the PCT, for the benefit of the international patents system as a whole. [Paragraphs 31 and 140]

(iv) The Secretariat should in particular investigate the options, including requirements and likely costs and benefits, of a digital library for priority documents. [Paragraph 40]

Responding to the Needs of Small Offices

275. A wide variety of systems are possible for the administration of patents. States need to establish the type of office and systems which will best meet their particular needs. Small offices, which either do not conduct examination of patents or else which do not have sufficient examiners to cover the complete range of technology, face different challenges to larger offices.

(v) The Secretariat should provide advice on request to Member States as to different types of patents systems and the benefits of each. [Paragraphs 87 and 91]

(vi) The Secretariat, in conjunction with Member States, should consider whether any further types of advice, assistance or IT systems would be appropriate for meeting the needs of small offices, particularly in developing and least developed countries. [Paragraphs 78, 81 and 84]

(vii) The Secretariat should also offer advice relating to the possibilities of creating new regional systems and should study the viability of the possible systems outlined in paragraphs 108 to 115 of Annex I. [Paragraphs 116 and 117]

² Reference to paragraphs are to those in the outline presented in Annex I.

Working Towards the Longer Term Future

276. The PCT requires fundamental reform. In addition to providing a simpler and more efficient service, this should allow States to move towards a more international system if and when they are ready. The desire for, practicality and extent of a global title should be reviewed when the SCP has reached conclusions on the degree to which harmonization of substantive patent law can be achieved.

(viii) The Secretariat should assess the proposal of Member States for a second phase of reform of the ePCT and identify issues to be addressed, including the policy goals and possible ways of amending the Treaty. [Paragraph 139]

(ix) Any amendments made to the PCT system should not preclude introducing a global title as an option for Contracting States wishing to join such a system. [Paragraph 199]

OPTIONS FOR IMPROVING THE WAY PATENTS ARE USED

Clarifying the Role of Patents in Global Policy Issues

277. The patents system is a tool of public policy, which defines and uses private rights in order to serve the public interest. National governments need to find the appropriate ways of locating this system of exclusive rights within the broader regulatory and policy environment, and of balancing the use of these rights against other essential policy requirements. WIPO can contribute to this process by promoting greater understanding of the policy tools and options that are available, thus supporting the development of the necessary public policy management skills at the national level. At the same time, greater clarity is needed to determine whether the issues are truly concerns of the international patent system or whether they can and should be addressed in other forums, either nationally or internationally.

(x) The Secretariat should continue to provide assistance upon demand concerning the development of legislative systems in developing countries, with the aim of facilitating those countries both understanding and meeting their obligations or acceding to the relevant Agreements or Treaties, as well as understanding the specific flexibility that may be available to them, in view of their social and economic development and conditions, under those Agreements or Treaties. [Paragraph 76]

(xi) The Secretariat should consider how examination standards can be improved to reduce difficulties caused by invalid patents, such as recommending the addition of traditional knowledge-related material to the PCT minimum documentation. [Paragraph 145]

(xii) The Secretariat, in consultation with the Member States, should develop a proposal for a mechanism to collect information and exchange national experiences relating to public sector management of the patents system and mechanisms dealing with policy tensions between the patents system and other regulatory mechanisms and policy issues, such as patenting policies relating to publicly funded research, mechanisms concerning public non-commercial use of patented technology and competition issues, and the practicalities and legal aspects of patent licensing. [Paragraph 158]

Getting the Best out of Patents

278. The patents system provides an essential tool, which inventors can use to their advantage when bringing innovative new products and processes to the market, but generally it is up to the inventor to make the best use of this, and other tools which may be available to him. WIPO should not seek to support individual inventions, but has an important role to play in providing general information on the patents system so that inventors can learn how to use it, and also in helping states to understand how to support innovation at a national level.

(xiii) The Secretariat, in conjunction with Member States, should continue to address innovation support through providing effective systems for patent applicants, high quality general information on intellectual property and advice and training for bodies which support innovation at a national level, especially in developing countries. [Paragraph 176]

(xiv) Member States should share information on mechanisms and tools for innovation support. [Paragraph 177]

Getting the Best out of Patent Information and Developing Understanding of the System

279. The patents system is intended to spread the knowledge and the use of new technology, and also to stimulate further research and innovation. It does this directly by the publication of patent specifications, and indirectly by the encouragement which it provides for inventors to bring new products to market for people to see, and to enter into licensing deals which can spread know-how. WIPO's publication of PCT applications is already a significant factor in this. WIPO also has an important role in helping to provide the systems which will allow developing countries to access and make use of this information more effectively. The other main international role in developing access to technical information is to work together to ensure that patent information is readily available in consistent forms which allow it to be used effectively.

(xv) The Secretariat, in conjunction with Member States, should help develop standards for organizing patent information and best practices for making the information available. [Paragraph 181]

280. Furthermore, one of the important aspects of WIPO's mission is to raise the level of knowledge of intellectual property matters in the general public and professionals, both in government and the private sector, especially in developing countries. WIPO's publications, both paper and electronic, and training, including through the WIPO Academy, provide high quality information. It is necessary however to continually seek new ways to deliver this more effectively to a wider audience.

(xvi) The Secretariat should find ways to bring its training programs effectively to a wider audience. [Paragraph 186]

Enhancing Enforcement of IP Rights and Promoting Dispute Resolution

281. A patent is only of use if it can be enforced effectively and third parties are able to have doubts about a patent's proper scope clarified within a time-frame that allows technology to be rapidly and productively deployed.

(xvii) The Secretariat and the Member States should continue to identify the challenges and best practices in enforcement of intellectual property, and identify needs and means for training and development of enforcement strategies. [Paragraph 161]

(xviii) The WIPO Arbitration and Mediation Center, in conjunction with national and regional offices, should continue to promote and enhance its services for alternative dispute resolution as a voluntary alternative for conflict resolution. [Paragraph 168]

[End of Annex II and of document]