

## **International Patent Cooperation Union (PCT Union)**

### **Assembly**

#### **Forty-First (24<sup>th</sup> Extraordinary) Session Geneva, September 20 to 29, 2010**

#### **PCT WORKING GROUP: REPORT OF THE THIRD SESSION**

*Document prepared by the International Bureau*

#### **CORRECTIONS RELATING TO DOCUMENT PCT/A/41/1**

This document reproduces the text of document PCT/A/41/1 with some minor corrections of a drafting nature in the Annex, which contains the report of the third session of the PCT Working Group, reproduced from document PCT/WG/3/14. The corrections concern the intervention by the Delegation from South Africa set out in paragraph 69 of document PCT/WG/3/14. In view of those corrections, document PCT/WG/3/14 has been replaced by a revised version (document PCT/WG/3/14 Rev.), which is now reproduced in the Annex to the present document.

#### **SUMMARY**

1. This document sets out the results of the third session of the Patent Cooperation Treaty (PCT) Working Group ("the Working Group"), held in Geneva from June 14 to 18, 2010 and invites the Assembly to approve the recommendations concerning further work.

#### **THIRD SESSION OF THE PCT WORKING GROUP**

2. The Annex of this document contains the report adopted by the third session of the Working Group (document PCT/WG/3/14 Rev.). The matters considered and the results of their consideration at the third session of the Working Group are outlined in the following paragraphs.

3. *Meeting of International Authorities under the PCT: Report on the Seventeenth Session (document PCT/WG/3/14, paragraphs 11 to 13).* The Working Group noted the report on the 17<sup>th</sup> session of the Meeting of International Authorities under the PCT (PCT/MIA), held in Rio de Janeiro, Brazil, in February 2010.
4. *The Need for Improving the Functioning of the PCT System (document PCT/WG/3/14 Rev., paragraphs 14 to 137).* The Working Group discussed a study on “The Need for Improving the Functioning of the PCT System” and endorsed a series of recommendations drawn from the study. The study had been prepared by the International Bureau following agreement by the Working Group at its second session in May 2009 that that efforts should continue on improving the PCT, noting that the system can and should function more effectively on behalf of all stakeholders, within the existing legal framework, without limiting the freedom of Contracting States to control substantive patent law issues as well as national search and examination procedures, and that further dialog should be informed by an in depth study to be prepared by the International Bureau.
5. The recommendations endorsed by the Working Group relate to the following to issues: (i) backlogs and improving the quality of granted patents (document PCT/WG/3/14 Rev., paragraphs 87 to 92); (ii) timeliness in the international phase (document PCT/WG/3/14 Rev., paragraphs 93 to 95); (iii) quality of international search and preliminary examination (document PCT/WG/3/14 Rev., paragraphs 96 to 102); (iv) incentives for applicants to use the system effectively, skills and manpower, and access to effective search systems (document PCT/WG/3/14 Rev., paragraphs 103 to 110); (v) cost and other accessibility issues, and to consistency and availability of safeguards (document PCT/WG/3/14 Rev., paragraphs 111 and 112); and (vi) technical assistance, PCT information and technology transfer (document PCT/WG/3/14 Rev., paragraphs 113 to 137).
6. Some of the recommendations will be implemented by measures described in paragraphs 7 and 8, below. The International Bureau will seek to take the other recommendations forward by a variety of means, including writing to the various bodies to which recommendations were addressed, reviewing guidelines and preparing proposals and studies for more detailed consideration by the Contracting States.
7. *Third Party Observations System (document PCT/WG/3/14 Rev., paragraphs 138 to 151).* The Working Group recommended that the International Bureau should begin development of a third party observations system along the lines indicated in document PCT/WG/3/6, subject to the comments and suggestions set out in the report of the session.
8. *Quality Feedback System (document PCT/WG/3/14 Rev., paragraphs 152 to 157).* The Working Group recommended that the International Bureau should begin development of a quality feedback system along the lines indicated in document PCT/WG/3/7, subject to the comments and suggestions set out in the report of the session.
9. *Eligibility Criteria for Reductions in Certain Fees: Revised Proposals (document PCT/WG/3/14 Rev., paragraphs 158 to 181).* The Working Group discussed revised proposals for establishing eligibility criteria for reductions in certain PCT fees but was not able to reach a consensus. The Secretariat stated that it would further consider the issue with a view to finding alternative solutions which could be agreed upon by all Member States, pending which the *status quo* would remain. It encouraged all Member States to make suggestions as to a possible way forward.
10. *Rectification of Obvious Mistakes; Amendments Under Articles 19 and 34 and Accompanying Letters; Annexes to the International Preliminary Examination Report (document PCT/WG/3/14 Rev., paragraphs 182 to 189).* The Working Group agreed on proposed amendments of Rules 12.2, 48.2, 49.5, 53.9, 55.3, 62.1, 62.2, 70.2 and 92.2 and the proposed deletion of Rule 66.9, with a view to their submission to the Assembly for consideration at its present session (document PCT/A/41/2).

11. *Improved Procedure for Correction of Errors made by the Receiving Office or the International Bureau (document PCT/WG/3/14 Rev., paragraphs 190 to 194).* The Working Group agreed that the issue should be clarified by way of a modification to the PCT Receiving Office Guidelines.
12. *Photographs and Color Drawings in International Applications (document PCT/WG/3/14 Rev., paragraphs 196 to 204).* The Working Group recognized the value of photographs and color drawings in making a clear and effective disclosure of certain types of invention and agreed that it was desirable to progress quickly on this matter, but that further study was required on the technical and legal issues which would be involved in permitting the filing and processing of such drawings as part of international applications, including issues raised in the comments set out in the report of the session.

#### **FURTHER WORK**

13. The Working Group agreed to recommend to the Assembly that, subject to the availability of sufficient funds:
  - (i) one session of the Working Group should be convened between the September 2010 and September 2011 sessions of the Assembly; and
  - (ii) the same financial assistance that had been made available to enable attendance of certain delegations at this session of the Working Group should be made available to enable attendance of certain delegations at that next session.

#### *14. The Assembly is invited:*

- (i) *to note the report of the third session of the PCT Working Group contained in document PCT/WG/3/14 Rev. and reproduced in the Annex of this document;*
- (ii) *to approve the recommendation concerning the further work of the PCT Working Group set out in paragraph 13, above.*

[Annex follows]

## ANNEX

## REPORT OF THE THIRD SESSION OF THE PCT WORKING GROUP

*(adopted by the Working Group; reproduced from document PCT/WG/3/14 Rev.)*

**CORRECTIONS RELATING TO DOCUMENT PCT/WG/3/14**

This document reproduces the text of document PCT/WG/3/14 with the addition of some minor corrections of a drafting nature. The corrections concern the intervention by the Delegation from South Africa set out in paragraph 69.

**INTRODUCTION**

1. The Patent Cooperation Treaty Working Group held its third session in Geneva from June 14 to 18, 2010.
2. The following members of the Working Group were represented at the session: (i) the following Member States of the International Patent Cooperation Union (PCT Union): Algeria, Angola, Australia, Austria, Bahrain, Barbados, Brazil, Cameroon, Canada, Chile, China, Colombia, Congo, Côte d'Ivoire, Cuba, Cyprus, Czech Republic, Denmark, Dominican Republic, Egypt, El Salvador, Finland, France, Germany, Guatemala, Hungary, India, Indonesia, Israel, Italy, Japan, Kyrgyzstan, Latvia, Lithuania, Malaysia, Mexico, Morocco, Namibia, Netherlands, Norway, Oman, Peru, Philippines, Poland, Republic of Korea, Romania, Russian Federation, Serbia, Singapore, South Africa, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Togo, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Viet Nam, Zambia, Zimbabwe (68); (ii) the European Patent Office (EPO).
3. The following Member States of the International Union for the Protection of Industrial Property (Paris Union) participated in the session as observers: Argentina, Bangladesh, Iran (Islamic Republic of), Iraq, Jordan, Pakistan, Saudi Arabia, Venezuela, Yemen (9).
4. The following intergovernmental organizations were represented by observers: African Intellectual Property Organization (OAPI), African Regional Intellectual Property Organization (ARIPO), African Union (AU), Eurasian Patent Organization (EAPO), European Union, Nordic Patent Institute (NPI), South Center, World Trade Organization (WTO) (8).
5. The following international non governmental organizations were represented by observers: Asian Patent Attorneys Association (APAA), Brazilian Association of Intellectual Property (ABPI), Centre for International Intellectual Property Studies (CEIPI), Institute of Professional Representatives Before the European Patent Office (EPI), International Association for the Protection of Intellectual Property (AIPPI), International Chamber of Commerce (ICC), International Federation of Industrial Property Attorneys (FICPI), International Federation of Pharmaceutical Manufacturers Associations (IFPMA), Japan Institute of Invention and Innovation (JIII), Third World Network (TWN) (10).
6. The following national non governmental organizations were represented by observers: American Intellectual Property Law Association (AIPLA), Intellectual Property Institute of Canada (IPIIC), Japan Intellectual Property Association (JIPA), Japan Patent Attorneys Association (JPAA), Japan Intellectual Property Association (JIPA), Polish Chamber of Patent Attorneys (5).
7. The list of participants is contained in the Annex.

## **OPENING OF THE SESSION**

8. Mr. Francis Gurry, Director General of WIPO, opened the session and welcomed the participants. Mr. Claus Matthes (WIPO) acted as Secretary to the Working Group.

## **ELECTION OF A CHAIR AND TWO VICE-CHAIRS**

9. The Working Group unanimously elected Ms. Isabel Chng (Singapore) as Chair for the session, and Mr. Victor Portelli (Australia) and Mr. Gennady Negulyaev (Russian Federation) as Vice-Chairs.

## **ADOPTION OF THE AGENDA**

10. The Working Group adopted as its agenda the draft contained in document PCT/WG/3/1 Rev., subject to the inclusion of document PCT/WG/3/12 under the item relating to Photographs and Color Drawings in International Applications (document PCT/WG/3/9).

## **MEETING OF INTERNATIONAL AUTHORITIES UNDER THE PCT: REPORT ON THE SEVENTEENTH SESSION**

11. Discussions were based on document PCT/WG/3/3, containing the report on the 17<sup>th</sup> session of the Meeting of International Authorities under the PCT (PCT/MIA), held in Rio de Janeiro, Brazil, in February 2010.
12. In introducing document PCT/WG/3/3, the Secretariat stated that it had proposed to move document PCT/WG/3/3 to the very top of the agenda of the present session of the Working Group, noting that many of the issues which were discussed at the most recent MIA meeting related to the main item on the agenda of the present session, namely, the need to improve the functioning of the PCT system. The Secretariat wished to draw particular attention to paragraphs 28 and 29 of the report, setting out the agreement by the MIA to set up a quality sub-group to consider, *inter alia*, means for an effective evaluation of the value of international reports for the purpose of assisting national phase processing, thus taking the discussions in the MIA, which to date had focused on the procedural aspects of quality management, one step further.
13. The Working Group noted the report of the seventeenth session of the Meeting of International Authorities under the PCT contained in document PCT/MIA/17/12 and reproduced in the Annex of document PCT/WG/3/3.

## **PROPOSED CHANGES TO THE PCT PROCEDURAL AND LEGAL FRAMEWORK**

### **The Need for Improving the Functioning of the PCT System**

14. Discussions were based on documents PCT/WG/3/2, 5 and 13.
15. The Delegation of Switzerland, speaking on behalf of Group B, stated that it wished to commend the Secretariat for the preparatory work it had done for this meeting. It appreciated in particular the quality of the working documents submitted for the consideration by the Working Group, as well as the two informal briefing sessions held in the run-up to the meeting. The documents would serve as a useful basis for the work and deliberations this week.
16. The Delegation noted that members of Group B had paid particular attention to the study entitled "*The Need for Improving the Functioning of the PCT System*" set out in document PCT/WG/3/2 and stated that members of Group B generally supported the direction proposed in the study for improving the functioning of the PCT system, in particular the need to further improve the quality of the PCT products, the need to increase the collaboration among Offices and the introduction of third party comments. It noted that, in

its view, no one could deny the incredible success and the utility of the PCT system for all WIPO Member States and the Organization. The number of PCT Contracting States (currently 142) and the growth in the number of international patent applications filed under the PCT in the last fifteen years were clear evidence of the relevance of the system. In addition, the financial resources coming from PCT fees contributed predominantly to WIPO's budget. Over the years, those resources had enabled financing of a wide range of WIPO's activities, including technical assistance activities.

17. The Delegation expressed the view that it therefore was of primary importance that WIPO's Member States continue to work together at the multilateral level in order to further improve the PCT system. There was indeed a need to ensure that the PCT will continue to deliver results which meet the needs of applicants, Offices and third parties alike. This would enable the PCT to remain effective and attractive in the future and to keep the central place that it has currently in the international patent system.
18. The Delegation further stated that, as had been confirmed during the second session of the Working Group, members of Group B were of the view that the PCT system can and should function more effectively on behalf of all stakeholders, within the existing legal framework, without limiting the freedom of Contracting States to control substantive patent law issues as well as national search and examination procedures. The Delegation stated that it wished to take this opportunity to emphasize that closer compliance with the existing requirements of the Treaty by receiving Offices and International Authorities and the improvements currently foreseen could benefit all Contracting States, without having to deal with harmonization of national substantive patent laws. It was therefore important that the work of the Working Group remained at a technical level within this framework.
19. The Delegation of Switzerland, speaking on behalf of Group B, further expressed the view that, when dealing with the improvement of the PCT system, it was interesting to note that the study demonstrated that there was very little difference between the interests of developing and industrialized countries: all would benefit from high quality of international work. Whether it was the same International Authority that conducted the international search, another International Authority or a national office in a developing country, all needed to be able to rely upon the international search to have covered the most relevant prior art, and to have cited the most relevant prior art references. This did not mean that subsequent work on the application should solely be based upon the documents cited in the international search report. There may have been amendments to the claims, or different national practices and policies which dictated the need for a new search, which could result in new references being cited. The members of Group B thus were looking forward to the discussions on the issues of quality and collaboration among Offices.
20. The Delegation concluded by stating that the study underscored the need to coordinate with other development activities and, in particular, the need to review the technical assistance activities provided so far in connection with the PCT. Noting the importance of WIPO Members having the capacity to properly use and benefit from the PCT system, members of Group B were interested in interacting with other WIPO Member States in order to better understand their current needs and to see how to better allocate the resources available for technical assistance. In order to meet the growing number of requests, reflections should be guided by the importance to improve the synergy among the initiatives launched at the level of WIPO and at the level of WIPO's Member States, and a focus should be on the development of activities and projects that will have multiplier effects. In conclusion, the Delegation wished to again emphasize the strong commitment, constructive spirit and support of the members of Group B in order to advance the substantive work of the Working Group and to achieve very soon tangible results in the improvement of the functioning of the PCT system.

21. The Delegation of Peru stated that it was delighted to participate for the first time in a session of the Working Group as a full member, noting that Peru had only recently joined the PCT. It stated that Peru was fully committed to improving the PCT system, and that it was ready to contribute actively and constructively to this week's debates, noting that the results achieved within the Working Group would result in a more efficient PCT system, to the benefit of all.
22. The Delegation of Egypt, speaking on behalf the PCT Member States that were members of the Development Agenda Group, stated that, in its Guiding Principles Paper, submitted as an official document of the fifth session of the Committee on Development and Intellectual Property (CDIP), the Development Agenda Group had pointed out that the adoption of the WIPO Development Agenda contributed to challenging the universal applicability of "one size fits all IP protection models" or the advisability of the harmonization of laws leading to higher protection standards in all countries, irrespective of the levels of development. It also wished to note that WIPO should pursue a "development compatible" approach, one that was driven by the different levels of development and varying interests and priorities of Member States.
23. In this regard, Development Agenda Group PCT Member States had an interest in the reform and the improvement of the functioning of the PCT. The Delegation stated that it was for this reason that the Development Agenda Group was deeply interested in the ongoing discussions in the Working Group, and favored deepening the analysis and continuing the debate on the reform of the PCT, within the parameters agreed at the last session of the Working Group. In addition to the above mentioned principles, it wished to underline the need to ensure that the reform of the PCT System did not entail any harmonization of patent law, in substance or in practice, including as stipulated under Article 27(5) of the PCT.
24. The Delegation further noted that it supported a technical discussion leading to the better and smoother operation of the PCT system. That discussion could include, *inter alia*, topics such as the possibility of and/or need for comments by third parties or written reports before a negative opinion is issued on a patent application; the extension or not of the so-called international phase; and the need for more comprehensive and detailed information on search strategies. Prior to providing specific substantive comments, the Delegation wished to note the intensive consultative processes carried out prior to the convening of the present session of the Working Group. It welcomed the undertaking of such positive interactions and believed that such processes should be member-driven in nature, taking into account broad and transparent consultations. At the same time, the Development Agenda Group appreciated the facilitative role of the Secretariat in Member States consultations.
25. The Delegation wished to thank the Secretariat for the study prepared, as mandated by the second session of the Working Group in May 2009, entitled "The Need for Improving the Functioning of the PCT System" (document PCT/WG/3/2). It stated that it believed that the study could serve as a good basis for discussions on the issue of the reform of the PCT. It had undertaken a careful review of the study and noted that it clearly pointed to problems in processing international applications. Increasing number of applications on the one hand and inadequate manpower and capacity in Offices on the other had led to unsustainable backlogs and increased possibility of the grant of invalid patents. This was an issue of concern. In this context, the Delegation wished to briefly highlight the key issues that needed to be tackled, and how the Working Group should go about tackling them. More detailed comments would be made available in writing at a later point in time. The key issues at the core of the work were the question of quality, the question of reliance on international search reports in the national phase by International Search Authorities, and how to address the problem of backlogs.

26. The study clearly showed that at present, international search and examination reports were not of a quality on which national patent offices could fully rely. Therefore, in its view, the focus should be first on reviewing and improving the quality of international search and examination work before asking national patent offices to rely on them more than they currently do. The Delegation fully agreed with the need to focus on improving the quality of international search and examination reports and therefore welcomed and supported the decision to conduct a review through the quality sub-group, which would report to the fourth session of the Working Group.
27. The Delegation further noted that it did not favor the principle of automatic validity of international search and examination reports, nor did it consider that a national patent office was under any obligation to accept automatically any report by another national patent office. It did not favor this approach which only froze a divisive situation rather than contributing to the better integration and operation of the overall PCT system. Hence, in the view of the Delegation, it would not be productive to insist that International Authorities should rely on international search and examination reports produced by them, even in the national phase, merely for the sake of creating a “perception of quality” across the system. Instead, there was a need to explore the root causes as to why International Authorities were unable to conduct search and examination to a level of quality that their facilities permitted.
28. While improving the quality of the international reports addressed partially the “supply side” of the problem of dealing with backlogs, there was also the need to address the causal problems leading to the backlogs on the “demand side” in order to achieve sustainable, long-term solutions. The reason behind the flood of patent applications which seemed to far exceed the level of actual innovation in the world needed to be addressed. The Delegation wished to request the Secretariat to undertake a follow-up study on the elements that had not been addressed in the study, such as an analysis of the root causes of the overloading of the PCT system and the issues of technology transfer and technical assistance. That follow-up study could also involve the econometrics of patent filing, involving the office of WIPO’s Chief Economist.
29. It should be recognized that an effective long-term and sustainable resolution of the problems of backlogs and quality would require augmenting the capacity of Offices to conduct as comprehensive search and examination as possible for every application in a timely manner. This would require enhanced support for Offices, especially in developing countries, which must be provided in accordance with the provisions of the PCT and the recommendations of the Development Agenda. Article 51 of the PCT called for the setting up of a Committee for Technical Assistance, which had not been established so far. The Delegation believed that it should be set up now to enable the Secretariat to look at technical assistance requirements comprehensively and address them in a focused manner. It believed that a follow-up study by the Secretariat should comprehensively look into how the Secretariat could facilitate the provision of technical assistance as mandated by the PCT Treaty, rather than just leaving it to the big IP offices to provide such assistance bilaterally.
30. As the study acknowledged, the PCT had been reformed over the years to streamline it from the viewpoint of the applicants’ interests. However, issues that were critical from the viewpoint of developing countries, such as whether and how well PCT had been contributing to facilitating access to technical know-how for developing countries, as mandated by the Treaty, had never been reviewed or addressed by the Working Group. Those issues had also been sidelined in the present study. This important aspect with regard to the functioning of the PCT should also be reviewed in a follow-up study.



31. The promise of transfer of technology through adequate disclosure in patent applications was the primary benefit that developing countries were supposed to derive from the PCT system. However, this important issue had not been addressed in the present study by the Secretariat. Even procedural ways of improving disclosure in patent applications through practical measures, such as streamlining the application forms etc., had not been explored. The follow-up study should therefore also assess how well the PCT system was functioning from the viewpoint of "sufficiency of disclosure". This was a critical issue from the perspective of maintaining the right balance between the holders of rights and public interest.
32. The Delegation of Guatemala stated that it supported the statement by the Delegation of Egypt on behalf the Development Agenda Group, of which Guatemala was a member. The Delegation noted that the Guatemala Intellectual Property Office was a very small Office which had made great efforts to deliver good quality services to its users, despite financial and human resource limitations. As had been indicated in the study prepared by the Secretariat, investing in search and examination systems was extremely expensive and very difficult for Intellectual Property Offices, in particular for small ones. The Delegation stated that it was carrying out many projects to improve the work of the Office with the assistance of WIPO and in this context wished to thank, in particular, WIPO's Bureau for Latin America and the Caribbean. It considered the PCT system to be an extremely useful tool which enabled the Office to improve the services that it offered but nevertheless saw room for improvements of the system. Any project to improve the system should, however, be carried out respecting the freedom of Member States in respect of substantive patent law matters and should focus on technical issues, based on the needs of Member States and taking into account the Development Agenda Recommendations.
33. The Delegation of Guatemala further stated that it considered the issue of technical assistance for developing countries to be of great importance. It believed that WIPO had a vital role to play in terms of providing technical assistance and in promoting and improving the PCT System, and that it thus supported the setting up of the Committee on Technical Assistance envisaged in PCT Article 51. It also stated its interest to further discuss issues related to technology transfer to developing countries, as stated in the PCT preamble and referred to in other parts of the Treaty. It believed that the Working Group needed to focus on this issue and needed to come up with tangible solutions to meet specific needs of Member States. In this context, it considered the study by the Secretariat to be a first step towards achieving this goal.
34. The Delegation of El Salvador stated that it considered the documents presented to this session of the Working Group to be of excellent quality and noted the importance of document PCT/WG/3/3 on the successful outcome of the most recent Meeting of International Authorities held in Rio de Janeiro, Brazil. With regard to the study by the Secretariat set out in document PCT/WG/3/2, the Delegation stated that it wished to thank the Secretariat for organizing the informal information sessions prior to the present session of the Working Group. In this context, it wished to repeat a request which it had already made during those informal discussions, namely, that working documents of the Working Group should also be made available in Spanish, for the benefit of the technical experts in Spanish speaking countries. In addition, it expressed the view that additional funding should be made available to developing countries to enable technical experts from the Offices to participate in the discussions of the Working Group.
35. The Delegation of India thanked the International Bureau for the effort put into preparing the report and other documents that would be discussed by the Working Group. The study reported in particular on the need for improving the functioning of the PCT system, covering a wide range of subjects such as origin, aim, expected advantages, problems and challenges facing the PCT system, possible solutions, impact analysis and mainstreaming

of development agenda into the PCT. The Delegation considered that this provided a good basis for informed discussion on this subject and expressed its hope that the deliberations would help the Secretariat to fine tune the study to meet the expectations of all members and make it more comprehensive.

36. The Delegation associated itself with the statement made by the Delegation of Egypt on behalf of the Development Agenda Group. As had also been observed by the report, there had not only been a considerable increase in the number of PCT applications, but also the majority of them were of foreign origin from the perspective of national Offices of developing countries. The Delegation was concerned because this indicated that there was a lesser use of the PCT system by the nationals of a majority of Member States of WIPO. In this context, it was considered that the statement made in the report that the system was successful needed to be reexamined and addressed adequately, especially with respect to the Development Agenda recommendations.
37. The Delegation was happy that the report made a frank assessment of the quality of the reports being generated by International Searching Authorities appointed by the International Bureau. There was definitely a need to address this grave issue and efforts needed to be made not only to streamline the procedures but also to augment manpower and the capacity to deliver results. The Delegation welcomed the recommendation that the focus should be on improving the quality of the international search and examination reports and supported the decision of the recent Meeting of International Authorities to conduct reviews and form a quality subgroup, which should report to the fourth session of the PCT Working Group. The Delegation believed that the PCT system should focus on improving the quality of the international search reports, rather than simply expressing concern that national Offices were distrustful of the reports. Whether or not a national Office would accept PCT work would depend on the quality of the work carried out by the International Authorities. Wide acceptance would be the positive externality of an efficient system and no amount of persuasion merely through perception could help in this. In the Delegation's view, the stress should be on improving the quality of international search and examination without persuading national Offices to rely on those reports simply for the sake of creating a perception of quality. Care needed to be taken while addressing the issue of quality not to divide Member States into two groups: one which carried out searches of good quality and others who would simply follow the first group. The Delegation considered that the document would have been much richer had it tried to address the development concerns and focus on solutions to improving the search and examination capacity of the national Offices, rather than adopting a persuasive approach of relying on PCT products. Mainstreaming of the Development Agenda was required in all aspects of PCT improvement work. The Delegation firmly believed in the expertise of WIPO, as the only specialized agency of the UN promoting intellectual property, to be able to address the above concerns.
38. The Delegation was happy to see that this study had tried to place the issue of backlogs at center stage. It was aware that the concern about backlogs was shared by a number of national Offices and organizations. It needed to be recognized that the most effective, long term and sustainable resolution of the problem of backlogs rested with the augmentation of the capacity of the Offices to conduct comprehensive search and examination for every application in a timely manner. It was also necessary to introspect and understand the reasons behind the increase in patent applications, many of which were of poor quality. A sustainable model to address the flood of applications and their timely disposal required a comprehensive analysis of the situation. The Delegation suggested that the Secretariat conduct a further study to look into this issue as well. On the supply side of the matter, the report's recommendations with respect to work sharing as a means to minimize duplication of work were in fact very lop-sided. A more direct intervention would be in the form of enhancing technical assistance to patent Offices. Recommendations should have been on

augmenting human resources and building capacity to enable comprehensive search and examination in a timely manner. The WIPO Secretariat could definitely play a very important role in strengthening this multilateral approach, rather than leaving national Offices to seek bilateral or plurilateral assistance in that area. To this end, the Delegation believed that it would be useful to set up and operationalize the Committee for Technical Assistance as mandated in Article 51 of the PCT so that this important issue could be addressed in a focused manner. The Delegation also felt that technology transfer needed to be addressed more cogently. This issue had been recognized as an objective in the preamble of the PCT itself, but had not been given due consideration by the PCT Working Group. The development of Member States was linked with the timely transfer of emerging technologies. WIPO, as the specialized agency responsible for innovation and technology transfer, should address this issue squarely.

39. The Delegation welcomed the proposal of the Secretariat regarding the establishment of a third party observation system on an informal basis. It was considered that this system should be set up to seek third party observations limited to and relevant for the establishment of international search reports, written opinions and international preliminary reports on patentability.
40. The Delegation reiterated its satisfaction on the progress made in terms in preparing a detailed study on the improvement of the PCT system that gave a clear picture of the existing situation with regard to PCT functioning and expressed its confidence that the deliberations of this session would be productive and meaningful. The delegation assured the Working Group of its cooperation and looked forward to participating constructively in the subsequent discussions.
41. The Delegation of Brazil associated itself with the statement by the Delegation of Egypt on behalf of the Development Agenda Group, of which Brazil was a member, as well as with the statements made by Guatemala, El Salvador, Peru and India. The Delegation favored deepening the analysis and continuing the debate on the reform of the PCT within the parameters agreed at the last session of the Working Group. It was convinced that reform of the PCT leading to better quality in the support it offers to national patent authorities would be in the interest of all countries. Brazil supported a technical discussion leading to the better and smooth operation of the PCT system. That discussion might include topics such as:
  - (i) the need for comments by third parties and written reports before a final opinion is issued on a patent application;
  - (ii) accordingly, the possible extension of the so-called international phase; and
  - (iii) the need for more comprehensive and detailed information on search strategies.
42. The Delegation considered that the study prepared by the Secretariat (document PCT/WG/3/2) provided a good and balanced basis for the necessary debate on the reform of the PCT. However, the study did not draw a clear distinction on questions that were different in nature: the quality of patents (which is linked to the three criteria for patentability under TRIPS Article 27.1) as opposed to quality in the technical procedures used in examination of patent applications. The first set of questions related to substantive legal issues and should therefore remain outside the purview of the current debate on the PCT reform. The study also contained very little, if anything, on the question of sufficiency of disclosure. This point had also been raised in greater detail by the statement of the Development Agenda Group and was a critical one from the perspective of maintaining the right balance between the holders of rights and public interest. The study might also lead to a perception that Member States of the PCT would be split permanently into those that are International Searching and Preliminary Examining Authorities from those that are not. The former would ideally produce top quality examinations within the PCT system, whereas the latter would have little if any capacity for conducting substantive examination

of patents, thereby limiting themselves mostly to validating the work of the International Authorities. Brazil did not favor this approach, which would only freeze a divisive situation rather than contributing to the better integration and operation of the overall PCT system. By the same token, in the section devoted to the Development Agenda, the study could have made comments on capacity building in the area of patent examination for developing countries. For LDCs and smaller countries, a regional approach could be taken for instance. The study did not touch, while examining the backlog challenge, on the demand dimension. Reasons for the increasing number of patent applications needed to be examined, with a focus on the proliferation of patent applications which do not comply with the necessary inventive step and on business models based on patent filing. That study could also involve examining those business models, with the assistance of the office of WIPO's Chief Economist.

43. Brazil did not favor the principle of automatic validity of international search and examination reports, nor did it consider that a national patent Office was under any obligation to accept automatically any report by another national patent Office. It was nevertheless true that high quality preliminary search and examinations reports might be an important contribution to the daily work of any national patent authority, especially taking into account the real conditions under which national patents offices operate. Most of them were small and needed support to deal properly with patents in all fields of technology.
44. The Delegation of the People's Republic of China recalled that the PCT had been playing an important role in facilitating the filing of patent applications across the globe, promoting creativity and innovation and fostering the development of the international IP system over the preceding thirty years. The Delegation appreciated the efforts of WIPO and the PCT Contracting States in improving and implementing the PCT system. Under the circumstances of rapid growth of the society, economy and technology, any system would face various difficulties and challenges and the PCT system was no exception. Issues such as complicated procedures, backlogs and less efficient quality control already hindered the proper operation of the PCT system and decreased its value.
45. The Delegation considered that the improvement of the PCT system should be carried out within the current legal framework and should follow a pragmatic, progressive and coherent approach, so as to enhance the effects of the PCT and to ensure the important role of the system as an internationally adopted patent application system. To achieve the overall objectives of the PCT system, its future development should be directed towards a user-friendly, higher quality and higher efficiency orientation. In the meantime, it needed to pay attention to the needs of developing and least-developed countries in using the PCT. China reiterated its willingness to work together with other Contracting States and to contribute to further improving the PCT system by actively participating in discussions and making initiatives.
46. The Delegation of Cuba endorsed the statement made by the Delegation of Egypt on behalf of the Development Agenda Group and also supported the statements of the Delegation of El Salvador concerning the need to have documents available in Spanish to facilitate their study and the possibility of funding a larger member of people per region to participate in the work of the Working Group. The Working Group was dealing with such important matters that it would be beneficial to have more experts present to discuss them. The Delegation considered that there should be exceptions to the rules on these subjects and that they should be reviewed whenever circumstances required.

47. The Delegation agreed with the Delegations of Egypt, Guatemala and others that it was very important to look in greater detail at the matter of technical assistance and technology transfer within the PCT. These two issues were extremely important and deserved greater attention. In general terms, while in favor of working on the improvement of the quality of international search reports, the Delegation considered it vital to retain the right of national Offices to carry out such reviews independently to ensure that the requirements of national law were met. The Delegation welcomed the fact that there was agreement that the work of the Working Group should not lead to any harmonization in terms of substantive patent law. It was also necessary for the Working Group to fully take into account the recommendations of the development agenda adopted by the General Assembly in 2007.
48. The Delegation of Mexico stated that it was, as always, ready to cooperate with WIPO and with the other Contracting States to ensure that the PCT system works as well as possible, for the International Authorities, receiving Offices, designated Offices and therefore users. However, it was important that when thinking about major changes to the patent system as a whole, sufficient time should be given to analyzing the possible advantages and disadvantages which the changes might bring to the system, including for international searches and preliminary examination reports. These tools had been vital for carrying out national examination of patent applications and they had effectively helped to overcome the delays in dealing with applications at the national level. The Delegation hoped that the discussions would be fruitful, particularly in the following respects. It was hoped that the Working Group would continue in its work of implementing effective mechanisms to guarantee the quality of search and examination reports at the national level, rather than focusing on new mechanisms which might lead to mistakes. This would help to improve collaboration between national patent offices with the overall objective of strengthening the system.
49. The Delegation of Chile thanked the Secretariat for the study and particularly for the two information meetings which had been organized to explain that document. These had been found extremely useful in preparing for the meeting and enabling the Delegation to understand the technical background that was required for considering such a document. Chile had joined the PCT about a year ago. There had been a brief and intense period of preparation and adaptation to the new system within the national industrial property office as a receiving Office for PCT applications, as well as for users, including lawyers, professors, universities and research centers. In that period the support of WIPO and, in particular, all of the staff dealing with PCT had been very important. During this first year, the receiving Office of Chile had received 48 international applications, which might not seem very much in relation to the overall number of PCT applications, but was a large and encouraging number in the context of a developing country which had only recently implemented the system. A large number of those applications had been from universities or research centers within Chile. The Delegation hoped that the use of the PCT would continue to increase over the following years. During this session of the Working Group, the Delegation considered that it was vital to focus on the technical aspect of the different documents, which would really improve the PCT system, benefitting users and national Offices alike.
50. Having only recently joined the system, Chile lacked national experience in terms of how to operate as a designated and elected Office. Nevertheless, the Delegation supported all of the elements that would enable the PCT system to be more effective in achieving its general and specific objectives. The Delegation considered that document PCT/WG/3/2 was a very detailed document and a very good basis for discussion. The importance was emphasized of having international reports of a very high quality, which national Offices could use, as appropriate, as the basis of work. This could, of course, not impinge on the requirements of the national law. It was also important to find solutions for the backlog problem. This was an important issue because PCT applications would be entering the

national phase in Chile over the coming years and increasing the workload. The Office wished to avoid delays resulting from needing to deal with those applications. That might undermine the effectiveness and the efficiency of the system and discourage people from using the PCT system, which would itself be cause for concern.

51. The Delegation considered that, in order to meet the objectives of the PCT system with regard to technology transfer, it was vital that countries had access to clear information about States where international PCT applications were definitively granted. The Delegation also agreed with earlier statements that it would be very useful in terms of improving the effectiveness of the system to have the working documents of this group in Spanish. This would increase the support and assist the work of national Offices in Latin America.
52. The Delegation of Indonesia aligned itself with the statement made by the Delegation of Egypt on behalf of the Development Agenda Group. The Delegation welcomed the study in document PCT/WG/3/2, which provided Contracting States with a more comprehensive picture of the implementation challenges currently faced by the PCT, as well as the consultative nature of the process involved in establishing the study. Engaging opinions from all sides would ultimately facilitate future negotiations, particularly on the more complex issues. In that respect, the Delegation firmly believed that all processes leading to the PCT Working Group should be member-driven and should incorporate the views and concerns of all Contracting States. The Delegation also recognized the important role of the International Bureau in facilitating these collaborations and wished to emphasize the importance of the member-driven principle within WIPO as an organization. Having thoroughly read the study, Indonesia knew that the intended reform of the PCT framework would be minimal. Nevertheless, it could also be seen that significant changes were needed to anticipate in areas such as thorough search, languages of documentation, input from third parties, access to reports from other international offices and timeliness. In this regard, the Delegation looked forward to receiving further clarifications from the International Bureau about such proposed changes and particularly whether in the near future there would be any significant changes to the Treaty, which would require further drafting negotiations.
53. The Delegation observed that the study pointed to problems in processing international applications, increasing numbers of applications and inadequate manpower and capacity in Offices, which had led to unsustainable backlogs and increased possibility of grant of invalid patents. However, while the study found that the problem of backlogs and quality could ultimately be addressed most effectively by national offices recruiting, training and equipping a sufficient number of examiners, it left this to be addressed by national offices and focused on how the issues could be addressed through collective action such as work sharing arrangements aimed at minimizing duplication of work in offices. In this regard, it was important to focus on how WIPO could assist national Offices, particularly in developing countries, to strengthen and bolster their human resources for conducting effective high quality search and examination of applications in a timely manner. There should not be an overwhelming focus on how duplication of work could be eliminated through work-sharing without addressing the issue of how to ensure a balance between the applications being received and the capacity of Offices to handle those efficiently and effectively. The Delegation reiterated its long held position that any moves towards harmonization of substantive patent law would not be acceptable to Indonesia.
54. The Delegation of Iran expressed its appreciation to the WIPO Secretariat for their effort in preparation of document PCT/WG/3/2. This comprehensive study provided a number of practical recommendations to ensure the smooth operation of the PCT system. The Delegation associated itself with the statement made by the Delegation of Egypt on behalf of the Development Agenda Group and considered that there were several possibilities to improve the functionality of the PCT system within its legal framework to the benefit of

applicants, Offices and third parties, in all Contracting States, without limiting the policy space for IP offices in determining substantive conditions of patentability, which was the core principle of the PCT system. Since the PCT was a procedural treaty, the result of its reform should not lead to any harmonization of substantive patent law. Any reform of the PCT system should amplify the two principle aims of the Treaty, namely in the field of procedures for obtaining legal protection for inventions and in the field of dissemination of technical information and organization of technical assistance, particularly for developing countries.

55. The Delegation noted that over the past years, the PCT system had been constantly improved from the view point of the applicant. The issue of dissemination of technical information was linked to important issues for developing countries and should be considered to a greater extent in future processes. In this context, it was important to emphasize that the PCT was intended to encourage technology transfer by a variety of means and many other stakeholders had benefited from it. However, in several instances there had been challenges, particularly on access to technology which could be used freely by developing countries without seeking a license. The study did not elaborate on practical solutions for addressing these challenges. This study observed that, in principle, it would be possible to solve all of the problems of the backlog and quality of national granting of patents by each national office, recruiting, training and equipping the required number of examiners fully trained in search techniques. The Delegation was aware that the ability of the International Bureau to directly help national Offices to address their training requirements was, however, limited and encouraged the International Bureau to increase its activities in the field of capacity building for IP offices by devoting more human and financial resources to this. Moreover, for the success of the system, it was imperative to explore practical and affordable ways for national Offices to develop online searching capabilities and ensure their access to effective search systems. The study also emphasized the need to address the quality of international reports. Improved reports could help applicants to decide and arrange their strategies on the next steps. Furthermore, national Offices, in examining the patentability of a claim, could consider these reports as a subsidiary and complementary tool to assist their examination, taking into account their national patent law. The Delegation considered that the present study was a good basis for starting discussions leading to concrete solutions to the challenges of the PCT system within its existing legal framework.
56. The Representative of the European Patent Office supported the statement made by the Delegation of Switzerland on behalf of Group B and commented on statements which had been made that the work of International Authorities was perceived to be of sub-optimal quality. On the contrary, the Representative believed that International Authorities produced good quality work. This was supported by user surveys and the fact that some national Offices do rely on the work. Of course, work could always be improved but the Representative assured all delegations that the International Authorities were constantly working on this and considering how systems could better monitor quality. This could be seen from the report from the recent Meeting of International Authorities, which had been reproduced in document PCT/WG/3/3.
57. The Delegation of the United States of America also thanked the International Bureau for the preparation of the documents and in particular the study, which a great deal of effort had clearly been put into. The Delegation supported the statement of the Representative of the European Patent Office and agreed that the quality of the international search was generally quite high, though of course it could always be improved. In the last decade, significant improvements had been made to the PCT system. The improvements had been accomplished through the PCT reform initiative, through the re-writing of the PCT International Search and Preliminary Examination Guidelines, which included the addition of specific requirements for the International Authorities to establish quality management

systems, and also through the work of this Working Group. As a result of these improvements, the benefits to users of the system had been improved dramatically, and the quality of the international work products had been improved to the extent that they were now being relied upon in various work-sharing activities such as the Patent Prosecution Highway. The Delegation did agree with the proposition that national offices should not be obliged to rely only upon the international search. However, it felt that collaborative action could provide great benefits not only to its own Office but to all Contracting States.

58. The Delegation of Thailand, speaking on behalf of the Asian Group, stated that it wished to underscore the need for further improving the functioning of the PCT and thanked the Secretariat for preparing the detailed study which served as a good basis for discussions on the important issue of PCT reform. The Study shed light on the problems relating to the processing of international patent applications. The increasing number of applications on the one hand and inadequate manpower and capacity in patent Offices on the other had led to unsustainable backlogs and increased the possibility that invalid patents may be granted. This was an issue of concern.
59. The Study recognized the need for improving the quality of international search and examination so that national Offices could have confidence in and rely on such reports. The Delegation agreed on the need to focus on improving the quality of international search and examination reports and welcomed the recommendation in paragraph 143(c) of document PCT/WG/3/2 that International Authorities should conduct a review of the proposals for changes to the details of those reports and report to the next session of this Working Group. It considered a quality review to be particularly relevant and looked forward to the outcomes of this important review process.
60. The Delegation further noted that, while improving the quality of international reports addressed partially the 'supply side' of the problem, there was also the need to address the problems leading to backlogs on the 'demand side' in order to achieve long term, durable solutions. The reasons behind the slew of patent applications which seemed to exceed the level of actual innovation in the world needed to be addressed by looking into practical remedial measures. Members of the Asian Group would be happy to discuss some of these possible measures, such as suitable disincentives and differentiated fee structures to discourage poor quality patent applications. As the study suggested, so far the PCT system had been constantly improved notably from the viewpoint of applicants. Perhaps it would now be useful to consider improving the system from the viewpoint of quality of work in patent Offices in order to deal effectively with the problem of backlogs.
61. The Delegation further stated that it wished to refer to Article 51(2) of the PCT, which called for the setting up of a Committee for Technical Assistance "with due regard to the representation of developing countries". The Delegation had taken note of the information given in the study on the discussions that had taken place around the formation of the Committee and subsequent developments in this regard. In view of the gaps in the existing arrangements it wished to request the Secretariat to conduct a follow-up study to comprehensively look into how it could facilitate technical assistance as mandated by the PCT. The study should review whether the current treatment of this issue under the remit of the Committee on Development and Intellectual Property (CDIP) sufficiently addressed the needs and concerns of the developing countries for technical assistance and make recommendations on the need for and feasibility of setting up a separate Committee for Technical Assistance.



62. The Delegation further noted that Article 51(4) of the PCT envisaged that WIPO would “enter into agreements ... with international financing organizations and intergovernmental organizations, particularly the United Nations, the agencies of the United Nations and the Specialized Agencies concerned with technical assistance, and with the Governments of the States receiving the technical assistance, for the financing of projects pursuant to this article”. These arrangements had not yet materialized and should now be explored.
63. With respect to the issue on eligibility for reduction in certain fees the Delegation stated that it wished to thank the Secretariat for presenting a revised proposal. However, the Delegation was not convinced that the two indicators, namely, the GDP and the number of PCT applications filed by natural persons, would result in equitable and balanced criteria. The main aim of the fee reduction should be to provide an incentive for individual innovators in developing countries with low PCT filings to utilize the system more, thereby encouraging technology production at a local level so that these countries could become producers of innovation and not just consumers and importers of technology. This would be in line with WIPO Medium Term Strategic Plan for the year 2010-2015, Strategic Goal 3 as well as the WIPO Development Agenda. Promotion of innovation in developing countries could also result in an increase in the number of PCT applications and more effective use of the PCT system. The Delegation felt that development and innovation aspects needed to be better reflected in the proposed criteria.
64. The Delegation of Angola, speaking on behalf of the African Group, stated that the African Group was aware of the importance of the PCT as an international instrument allowing applicants to obtain protection through a single filing process in multiple countries. Noting that the PCT's Member States included developed as well as developing and least developed countries, it was important that the system provide a balanced approach *vis-à-vis* its users. The Delegation wished to thank the Director General of WIPO for the informal consultations which had taken place on the study on the need to improve the functioning of the PCT system, which provided a good basis for discussions in the Working Group on how to improve the PCT system. While the study offered a number of suggestions and options for addressing the various challenges the PCT was faced with, it was important to note that there was no binding effect on national Offices with regard to the reports established during the international phase; those Offices were free to apply their own substantive national laws in the national phase when deciding whether or not to grant a patent.
65. The Delegation of Angola further stated that it considered the backlog issue as the most important challenge which was almost insurmountable, requiring collective action by all Member States to improve the system, notably in terms of quality of the international work products and the cooperation between national Offices and International Authorities. With regard to the issue of access to effective search systems, the Delegation believed that African developing countries, in particular least developed countries, should have better access to systems to enable them to benefit from information sources such as the PatentScope Search Service and other information sources, and that the International Bureau should continue its work to meet this objective. The Delegation stated further that the African Group considered the issue of capacity building for regional and national Offices to be of great importance and expressed the view that further work needed to be carried out by the International Bureau with regard to training, including training for small and medium-sized enterprises and universities.
66. Regarding technical assistance, the Delegation stated that activities needed to be guided by the Development Agenda recommendations, especially those in Cluster A. The African Group wished for an examiner training program to be set up in the medium to long term for the benefit of national and regional Offices. Technical assistance should also be extended to African research institutes to allow universities to file patent applications on their knowledge, as well as to programs to assist research and development by small and

medium sized enterprises. The Delegation of Angola concluded by stating that the African Group considered that the study constituted an excellent basis for the work by the Working Group and expressed the view that the issues concerning the required technical assistance should be taken up in the Committee on Technical Assistance as envisaged by Article 51 of the Treaty.

67. The Delegation of the Republic of Korea stated that it appreciated the dedicated efforts of the Secretariat in conducting the study on the need to improve the functioning of the PCT system, outlining the existing challenges of the PCT and various possible measures to address those challenges. The Delegation believed that the result of the study constituted a good foundation for improving the PCT System. The Delegation further considered it necessary to implement the recommendations set out in the study as soon as possible, after consultations with Member States. To facilitate those consultations, the Delegation suggested that the recommendations set out in the study be grouped into three categories, namely, short term initiatives, mid term initiatives and long term initiatives, so as to focus on solutions which could be implemented without further delay. The Delegation considered that the recommendations of the study suggesting that International Authorities should provide at least one written opinion before establishing a negative international preliminary report on patentability and conducting top-up searches as part of the Chapter II procedure fell into the category of issues which should be addressed in the short term. Other recommendations which required amendments to the PCT Regulations and those on which Member States had different opinions should be considered to fall into the mid and the long term categories.
68. The Delegation further expressed its concerns with regard to the proposed new criteria for PCT fee reductions. The issue of the PCT fee reduction for individual applicants needed to be given due consideration. High PCT fees were one of the main obstacles for individual applicants from both developing and developed countries. The Delegation questioned how the Secretariat had arrived at the conclusion that a threshold of 10 international applications filed by natural persons per year per million population should be used. In this context, it further expressed the view that the innovation-based criterion was not clear. It further noted that the possible impact on WIPO's budget had to be kept in mind should the criteria chosen result in an increased number of applicants benefitting from the fee reductions.
69. The Delegation of South Africa endorsed the statements made by the Delegation of Angola on behalf of the African Group and by the Delegation of Egypt on behalf of the Development Agenda Group. The Delegation supported efforts towards the improvement of the PCT system, taking into consideration the different levels of development of Contracting States and guided by the WIPO Development Agenda. In other words, an effective patent system needed to be seen in the light of the developmental needs of each Contracting State. It was within this context that South Africa welcomed the decision concerning the improvement of quality of the international search and examination reports. Since South Africa had a non-examining Office, these were the only reports available to applicants for assessing the validity of their patents. However, the Delegation considered it important to retain national space in determining the patentability of South African patents. South Africa also wished to see improvements to the technical disclosure in PCT applications in order to derive the benefits from the disclosed information and some real progress regarding technology transfer and licensing. The Delegation welcomed the WIPO project on increasing accessibility to the national patent collection. South Africa was one of the pilot countries in the project and had received valuable technical assistance from the WIPO PATENTSCOPE® team.

70. Deputy Director General Pooley expressed his hope that the study responded to the instructions which the Contracting States gave to the Secretariat last year and thanked States for their input to the process, both through the questionnaire and otherwise, which had been very important. As has already been noted, one way that the Secretariat had been trying to prepare for this meeting was through a variety of consultations where it had tried to answer questions about the study. Some of the issues that were raised in the process deserved to be repeated briefly here for the benefit of all the Contracting States, many of which could not participate in the briefings. He wished to mention three of those issues and emphasized his remarks were prepared before the session began and were not intended as a response to any of interventions up to that point, although he did also wish to respond at this point to one new issue which had been brought up.
71. The first issue was whether it was a contradiction to observe that the PCT had been generally successful while at the same time noting a need for improvement in its procedures. He considered that the answer was no. The study set forth the three main uses of the PCT: first as a filing tool for applicants; second, in order to disseminate information and technical assistance and third, to increase the efficiency of processing applications by Offices. The message of the study was that while the first two goals had been successful, the third had not been as much so. The main shortfall had been in the failure of some International Authorities to produce consistently high quality and timely international search reports and international preliminary reports on patentability. The system made these documents available to national Offices to use or not as they saw fit. But that very important option was illusory if the product was not up to par. The study therefore concluded that it is the obligation of International Authorities to produce as good a product as possible so that national Offices, particularly smaller Offices with limited resources, could have access to the benefits that are promised by the PCT system if they so wished.
72. The second issue was why the study did not examine sufficiency of disclosure. The short answer was that the study mandate was to examine issues within the existing legal framework of the PCT and not to address substantive law questions. Sufficiency of disclosure was a question of substantive law. Indeed, sufficiency of disclosure was an aspect of the Substantive Patent Law Treaty and was on the non-exhaustive list of issues to be addressed within the Standing Committee on the Law of Patents (SCP).
73. The third issue was why the study did not examine and report on causes of application backlogs. Again, looking at causes of national and regional backlogs was not part of the mandated study. The study did observe the fact of backlogs and their natural effect of diminishing resources in order to underscore the potential value in employing the PCT system as it was originally intended, to provide a high quality work product that an Office could use if it wished. The study also observed that backlogs varied considerably even among major Offices. In that regard it cited China as an example of an Office where pendency had actually diminished in recent years. Most important, as was specifically stated at the beginning of the study, one's perspectives on backlogs made no difference in the recommendations: whether one saw backlogs as a primary problem or instead saw quality and timeliness of reports as the main issue, the action required was the same and that is what was set out in the study recommendations.
74. Mr. Pooley also responded to one issue that had been raised during the session, that is, the comments relating to PCT Article 51 – establishment of the Committee for Technical Assistance. That issue was addressed in paragraph 55 of the study where it was observed that the Interim Committee for Technical Assistance had met for several years and ultimately decided to transfer its work to another body. The decision of the Member States of WIPO was that all development-related activities should be mainstreamed and centralized, which was in fact what had happened.

75. The Secretariat also noted, in response to the statement by the Delegation of Thailand on behalf of the Asian Group, that financing of the type referred to in Article 51(4) was in fact used, but like the technical cooperation activities generally, had been mainstreamed and integrated fully into the activities of the organization. By way of example, the Organization had over many years had financing agreements with organizations such as the UNDP, the World Bank, regional development banks, other UN organizations and with a number of Member States represented in the Working Group. Under these financing agreements, arrangements had been made for funds-in-trust which had been used for considerable advancement of technical assistance among many of the Member States. The Director General had also asked that it be made known that the Organization as a whole was currently exploring the greater use of extra-budgetary funding sources in furthering the goals set out in Article 51(4) for technical assistance.
76. The Delegation of the Russian Federation believed that the study was a very good document: exhaustive, instructive and informative. It clearly demonstrated that the main goal of the PCT, to inform the applicant about the merits of his invention and whether to go ahead with the patenting, was well served. There were few cases of complaints by applicants about the quality of search and examination reports. The concerns about search and examination reports arose with the backlogs of pending applications and the desire of Offices to share the search and examination results, to reuse them and to avoid duplication of efforts. The study included several proposals how to enhance the quality of search and examination reports to make them appropriate for such reuse. The study clearly showed that there was no intention to make search and examination reports binding for Offices who do not desire to reuse them. That would anyway be contradictory to the spirit of the PCT system. It would be unfortunate if the recommendations contained in the study were not implemented. Many of them were already well known and on the agenda of the Working Group. Others had not yet found a specific place on the agenda. The Delegation therefore wished to express a similar idea to the proposal by the Delegation of the Republic of Korea, to use the recommendations of the study as the basis for long-term planning. It did not matter what this plan was called, whether it was "Roadmap" as previously suggested, "PCT development plan" or "agenda". The tasks could be grouped as short-term, medium-term and long-term ones and then also according to the groups to which they were addressed. Some were addressed only to International Authorities; others to all Offices; some to Offices specifically in their roles as designated and elected Offices; others still to applicants and others.
77. The Delegation of Algeria aligned itself with the declarations made by the Delegation of Angola on behalf of the African Group and the Delegation of Egypt on behalf of the Development Agenda Group. The Delegation welcomed the in-depth study made by the Secretariat on the need for improving the functioning of the PCT System document PCT/WG/3/2 and thanked the Deputy Director General for the informal consultations for Contracting States which took place recently under his direction. The Delegation had taken note of the many problems faced by the PCT system as identified in the study, including the lack of available examiners, the questions about the quality of international search reports and international preliminary reports on patentability and the duplication in patent processing by intellectual property Offices. Nevertheless, there wasn't an in-depth analysis of the different underlying causes for these problems. The Delegation attached particular interest to the improvement of the functioning of the PCT system, which was the main source of income for the Organization and believed that any solution aimed at such improvement needed to be holistic, balanced and based on consensus. It needed to take place within the recommendations of the Development Agenda and in line with Article 27(5) of the PCT, which guaranteed the right of the Contracting States to lay out the substantive conditions for patentability. The Delegation was in favor of the improvement of the quality of international search reports and international preliminary reports on patentability. It considered that an improvement in the level of disclosure of information in

patent applications was one of the elements which could facilitate the achievement of the Treaty's objectives. Systematic use of international search reports drawn up by International Authorities under the PCT by the IP Offices in developing countries risked limiting their room for maneuver in relation to the interpretation of patentability criteria. Consequently, the Delegation emphasized the need to strengthen the capacity of these Offices, particularly with respect to training of examiners by WIPO. The Delegation supported the implementation of the Committee for Technical Assistance as laid out in Article 51 of the PCT. It also sought the organization of WIPO regional workshops on ways to promote the use of the PCT system by users in developing countries and to discuss practical solutions to improve the functioning of the system. The Delegation suggested that the study remain open to written comments provided by stakeholders and Contracting States in order to deepen the analysis into the reasons behind the problems of international reports and in order to ensure that the best solutions to these problems could be found.

78. The Delegation of Japan appreciated the preparation of the comprehensive study, together with the informal sessions, presentation this morning and further comments by Mr. Pooley, all of which were considered to increase the understanding of the issues. The Delegation fully supported the general statement made by the Delegation of Switzerland on behalf of Group B. The study covered various aspects of the PCT, such as the aims and history, analysis of current problems and identification of possible options for the future. The study showed the need to improve the PCT system, including its quality and its usability. The Delegation generally supported the recommendations for improving the functioning of the PCT system outlined in the document and believed that improvement of the PCT system would benefit all PCT Contracting States. With regard to the quality issues, the Delegation shared the views expressed by the Representative of the European Patent Office and the Delegation of the United States. International Authorities went to great efforts to produce high quality products, and the Delegation believed that the products were in fact of good quality. The Delegation of course considered that it was necessary to continue to make efforts to improve quality within the current PCT framework.
79. The Delegation of the United States of America wished to add to some of the comments which it had made earlier. The Delegation strongly supported the statement made on behalf by the Delegation of Switzerland on behalf of Group B and wished to align itself with the comments made by the Delegation of Japan. Many initiatives over the preceding decade had resulted in significant improvements to the PCT System and the quality of work products issued by the International Authorities. The study demonstrated that further improvements to the system were possible through implementation of the Roadmap. The study indicated to the Delegation that by addressing the issues which it raised, the result would be that the PCT system would be improved and even higher quality international reports would be prepared. Applicants, third parties and large and small national Offices alike would see the increased benefits of such a system.
80. The Delegation of Canada thanked the International Bureau for producing a thought-provoking document and for undertaking consultations with PCT Offices and users. It hoped that the comments received during the consultations served to focus the document on issues of importance to Offices, applicants and third parties, and that the end result would be a PCT System that would be able to serve the needs of all parties involved. The Delegation thanked the International Bureau for providing the meeting with documents in timely manner. Providing these documents at least three weeks in advance enabled officials to complete a comprehensive review and to receive instructions. In general Canada supported the continued efforts of the International Bureau to improve the PCT system. It was important to get input from offices of various sizes towards common goals: the rapid and efficient resolution of IP rights, streamlining and simplification, confidence building and the elimination of duplication through effective work-sharing. The Delegation

considered that work undertaken to improve the PCT should be assessed against these four goals. The Delegation supported the proposed recommendations made regarding international reports as being useful towards assisting national Offices in addressing quality and backlog issues, the timely delivery of international search reports and international preliminary reports on patentability and the development of mechanisms to allow examiners to be aware of additional prior art. The Delegation observed that, in contrast to the findings of the study in respect of some Offices, Canada was in a situation where there was actually a decreasing inventory of patent applications. Over the last number of years, a combination of hiring of additional examiners and the effective exploitation of the work of other Offices while maintaining sovereignty over whether any given application should be granted had provided useful mechanisms to help in decreasing that backlog. Regarding the actual and perceived quality of international search reports and international preliminary reports on patentability, the Delegation generally agreed with the recommendations of the study, particularly the development of internal quality management systems by International Authorities and that International Authorities should recognize the quality of their own work and not conduct more than a top-up search in the national phase. Canada currently followed this practice and in fact offered a substantial fee rebate for applicants when they requested examination in the Canadian national phase after the Canadian Office had performed the international search. The Delegation was supportive of the recommendation made regarding improving the quality of international applications. It agreed with the guarantee of at least one written opinion before establishing a negative international preliminary report on patentability where the applicant had responded to the written opinion of the International Searching Authority. It was open to considering incentives to encourage applicants to have defects corrected in the international phase. The Delegation marked the success of the PCT system, which had far exceeded the expectations as originally contemplated. It also believed that recent bilateral work-sharing arrangements had demonstrated willingness and a confidence among Offices to make use of the quality work being performed by the work-sharing partners. The Delegation supported the statement by the Representative of the EPO that it was misleading to characterize the work of all International Authorities as being of poor quality. The Delegation rather interpreted the message of the study as one of enhancing quality and efficiency to the benefit of both users and Offices and was committed to work with other Contracting States towards that end.

81. The Representative of the American Intellectual Property Law Association (AIPLA) appreciated the cooperative atmosphere that had been achieved so far in this meeting by the Contracting States, and appreciated the work of the International Bureau in preparing the documents which highlighted the need for improving the functioning of the PCT system. As both a former Director of the United States Patent and Trademark Office and, more importantly, as a long-practicing attorney having many clients who had used the PCT and on behalf of the Association, which represents over 16,000 legal service professionals academics and government officials worldwide, the Representative greatly appreciated the continuing focus of the meeting on reforming the PCT. The PCT was important and broadly accepted worldwide as an enormously important component of the incentives which were required to promote the innovation which was so critical for the world advancement. In that context, the Representative considered that delegations were correctly focusing on the twin problems of backlog and quality. Users of the patent system were also focusing on these issues as the key issues in reforming the patent system both internationally and nationally. AIPLA and its sister organization FICPI were in fact co-sponsoring a colloquium during the week in Edinburgh, United Kingdom, on patent office backlogs. Over 100 experts and users from all over the world would be gathered to address this critical problem. In this regard, the Representative also supported Deputy Director General Pooley's comments that these two issues were closely connected and that reforms to the PCT regime would necessarily address both of them together. One

specific issue where the Representative also agreed with many delegations was that fee reductions would be very welcome. The Association's members were primarily users and their representatives and, at a time of financial concern, any reduction in the cost of patent protection would be welcome. It was clear that the PCT did need reforming but that was not limited to the PCT. As had been mentioned, there were a large number of initiatives that were now being developed and some were being implemented both in individual national office and among groups of offices, such as the Trilateral and partners in the Patent Prosecution Highway. These initiatives included the sharing of data and various quality initiatives which were ongoing at the moment. It was important that the PCT kept up with these various initiatives which were critical to the functioning of the system. However, as there were many issues, in the current economic world climate, resource allocation was a huge challenge for all Offices, not least large Offices such as the United States Patent and Trademark Office where the Representative had had direct experience. Offices should carefully consider where resources for capacity building would best be directed. The resources needed to examine applications in all areas of technology were prohibitive, as the Representative knew, having tried to manage that in the past, even for Offices with large number of applications. Creative solutions for smaller Offices were needed if they desired to participate in fully or even partially independent search and examination activities. In summary, the Representative appreciated the open approach which had been taken by the national and regional delegations towards PCT procedural reforms and stood ready to assist in whatever way it could to move this critical process forward.

82. The Representative of the Japan Intellectual Property Association (JIPA) greatly appreciated the efforts which had been made towards improving the current PCT system. The Representative recognized that the PCT was the most useful global patent application system and fully agreed with the fundamental concept of the recommendations in the study in terms of making the PCT system more convenient for both users and offices. The most important issue was increasing the quality of the international search report. The international reports were not only tools for examination but also a measure of the latest technology in the R&D activity in the world. For companies, intellectual property rights were the result of R&D activities and it was important to seek efficient global R&D activity by being aware of current technology to the greatest extent possible. A high quality international search report would assist global innovation in the world and this was very important for the future of the PCT system. Consequently, the Representative hoped that the quality of international search reports would be improved quickly.
83. The Representative of the Third World Network considered that the PCT system should be understood in the context of the emerging inequitable international patent regime. The study clearly showed that developed countries were the primary beneficiaries of the PCT system. Out of 159,000 PCT applications, 92,605 applications originated from just three developed countries namely, USA, Japan and Germany. That also clearly showed that the PCT system was a tool of protection for developed countries' corporations in a cost-effective manner. The PCT's Annual Review revealed that 2% of the applicants filed nearly 50% of the PCT applications. In recent years, especially in the post-TRIPS era, developing countries were forced to accede to the PCT. Developed countries were using free trade agreements to impose the PCT system on developing countries. Data also showed that accession to the PCT resulted in flooding of patent applications to developing countries, which choked the limited search and examination capacity of developing country patent Offices. For instance out of 30,661 foreign patent applications received by the Indian Patent Office during 2008 to 2009, 25,706 came through the PCT route. Membership of the PCT by developing countries would make it easier for pharmaceutical companies to apply for patents in that country. The easier, cheaper and faster that developing countries patent offices made their procedures, the more pharmaceutical patents would end up on their books and in their economies. Hence the Representative

proposed that development concerns should be at the center of the PCT reforms rather than increasing the so-called efficiency and productivity of granting patents. However, the Representative noted that the current direction of PCT reforms was more towards achieving the end objectives of substantive harmonization through procedural harmonization. Procedural harmonization of patent search and examination would, in practice, often lead to the undermining of flexibilities existing within the scope of patent ability in the developing countries by de-facto creating a dependency of small national patent Office on big patent Offices. The Representative stated that the backlog of patent applications had more to do with the fundamental changes according to the law and policy of developed countries, especially the lowering of patentability standards, and a policy of granting more patents. This led to the situation of increasing the number of patents and, in turn, to the suggestion to use international search reports and international preliminary reports on patentability in the national phase to help to address the problem of backlog. Hence WIPO Member States needed to address the root causes of the problem rather than finding a quick fix which would aggravate the situation rather than solving it. Further, the study, with all its reassurances, continued to pursue the idea of using the international reports at the national level. For instance, one of the recommendations in paragraph 176 suggested that International Authorities should recognize the quality of their own work and not routinely conduct more than a top-up search for an international application for which they acted as an International Search Authority. The Delegation also noted that the study did contain worthwhile suggestions which needed to be pursued like the third party observation and explanation of search strategies and the like. Nevertheless, it considered that the development concerns should be at the center of PCT reform and the process should not lead to any kind of direct or indirect harmonization of substantive patent law.

84. The Representative of the International Association for the Protection of Intellectual Property (AIPPI) noted that the PCT was a mechanism which he had used everyday since the beginning of the PCT and warmly welcomed the contribution of the study, in which the history of the PCT was mentioned. The Representative had taken part in the Diplomatic Conference in Washington where the PCT was created. It was important to strive to improve and to keep the system up-to-date. The Representative echoed the comments made by the Representative of the AIPLA. Everything which improved the PCT system was to the benefit of the applicants. Backlogs caused difficulties but also were an indication of the effectiveness of our industry in developing new technology and in that respect should be supported. The Representative reiterated that the PCT was an indispensable tool for applicants from all over the world, not only industrialized countries. He also represented many, many applicants from developing countries who needed the system in the same way.
85. The Representative of the Federation of Industrial Property Attorneys (FICPI) observed that the Federation represented both applicants and third parties in their daily work. The Representative fully supported the statements made by AIPLA, JIPA and AIPPI concerning the good atmosphere towards further improving the system. The Representative submitted that there was room for further improvements and sought some mechanism to better coordinate the efforts of various IP offices in handling parallel national phase applications. Today these were handled without much coordination and that could be improved especially when there were many applications being processed in parallel.

#### *Recommendations*

86. It was observed that the recommendations were of different natures and were addressed to different bodies. In response to a question concerning how these recommendations would be taken forward, the Secretariat indicated that it would undertake to prepare studies, proposals, circulars and letters to take work forward or to invite the appropriate bodies to take work forward, as appropriate.



- *Recommendations Related to Backlogs; Improving Quality of Granted Patents*
87. The Working Group endorsed the recommendations set out in paragraphs 143, 146, 147 and 149, subject to the comments and clarifications appearing in the following paragraphs, and endorsed new recommendation 149bis set out below.
88. In relation to the note within the recommendation set out in paragraph 143(b) recalling that international reports may not contain any comment on whether an invention is patentable or unpatentable according to any particular national law, one representative of a civil society organization emphasized that the use of international reports must also remain entirely at the discretion of national Offices.
89. In relation to the recommendations set out in paragraph 143(c) (review of the content of ISRs and IPRPs), one representative of users commented that it would be beneficial to consistently include an assessment of clarity and support in the description, which are currently optional parts of the report.
90. In relation to the recommendation set out in paragraph 146, the need to have access to reports of other national Offices was mentioned as being of particular importance by several delegations from both industrialized and developing countries. It would be important to ensure that these documents were made available as quickly as possible after their establishment so as to maximize their chances of being of use in other Contracting States. It would also be important to coordinate work with the various other projects of a similar nature which were either under way or being planned. One delegation noted that the alternative option noted in paragraph 148 of seeking reports directly from individual Offices or requesting them through the applicant should also remain available. It was also suggested that the system could extend to include the results of opposition proceedings as well as search and examination reports.
91. In relation to the recommendation set out in paragraph 149 (third party observations), delegations reserved their detailed comments for the agenda item relating to document PCT/WG/3/6.
92. The Working Group agreed on the following new recommendation, to be added following paragraph 149:
- “149bis. It is recommended that a follow-up study be conducted by the IB, which should involve WIPO’s Chief Economist, to analyze the root causes behind the surge of patent applications and the consequent heavy load on the international patent system.”
- *Recommendations Relating to Timeliness in the International Phase*
93. The Working Group endorsed the recommendations set out in paragraph 154, subject to the comments and clarifications appearing in the following paragraphs.
94. In relation to the recommendations set out in paragraph 154 (concerning various aspects of timeliness), one representative of a regional Office agreed with the proposals but expressed the hope that more in-depth work would be done towards finding solutions. One representative of users reiterated the importance of the time limits to applicants, especially the time limit for establishing the international search report. In this respect, the representative did not consider that proposals to delay the establishment of international search reports would be beneficial.
95. In relation to the recommendation set out in paragraph 154(d) (International Authorities ensuring adequate resources to perform the expected volumes of international searches and international preliminary examinations), one Office noted that this would need to be a best endeavor and that it could not give an absolute commitment to giving priority to international work over national work in all cases.

- *Recommendations Relating to Quality of International Search and Preliminary Examination*
  96. The Working Group endorsed the recommendations set out in paragraphs 165 and 170, subject to the comments and clarifications appearing in the following paragraphs.
  97. In relation to the recommendations set out in paragraphs 165 and 170 (concerning the quality of international search and preliminary examination generally), several delegations expressed the importance of work in this area, in addition to the comments reported above in the general statements.
  98. The issue of searching in different languages was an important and difficult issue. In response to a query on what would be involved in the aspect of the recommendation in paragraph 165(b) whereby “examiners in Offices with complementary skills [might] work together to establish a report”, the Secretariat observed that there were already trials being set up both inside and outside the PCT where, for example, an examiner in one Office would ask an examiner in another Office to conduct a search using the databases available in that second Office before finalizing a search report. The Delegation of the United States of America stated that it had commenced a pilot project on collaborative search with the European Patent Office and the Korean Intellectual Property Office.
  99. In relation to the recommendation set out in paragraph 165(c) (digitization of national patent collections) several delegations indicated their strong interest and indicated that they looked forward to receiving information from the International Bureau on how technical assistance with the process could be provided.
  100. In relation to the recommendation set out in paragraph 165(d) (centralized system for quality feedback), delegations reserved their detailed comments for the agenda item relating to document PCT/WG/3/7.
  101. In relation to the recommendation set out in paragraph 170(a) (Offices acting as International Authority should recognize their own work and not routinely conduct more than a “top-up search” when the same international application enters the national phase before the same Office), several delegations stated that the practice of their Offices already was in line with this recommendation. The representative of a civil society organization emphasized that the use of international reports must remain entirely at the discretion of national Offices, including those which had acted as International Authority and established the international report, noting differences between the PCT and national laws and practices, for example, with regard to oral disclosures.
  102. In relation to the recommendation set out in paragraph 170(b) (making available information on search strategies), several delegations noted that this was very important and a key issue for establishing trust and confidence by Offices in the reports established by other Offices. Several delegations noted that their Offices were actively working on this issue, but there remained certain issues to be solved.
- *Recommendations Relating to Incentives for Applicants to use the System Effectively; Skills and Manpower Shortages; Access to Effective Search Systems*
  103. The Working Group endorsed the recommendations set out in paragraphs 176, 181 and 185, subject to the comments and clarifications appearing in the following paragraphs.
  104. In relation to the recommendation set out in paragraph 176(a) (applicants to prepare applications in good time and conduct own prior art searches before filing), several representatives of users stated that, while they supported this recommendation in principle, it was not always possible to follow it in practice, noting the need for last minute filings.

105. In relation to the recommendation set out in paragraph 176(b) (offer applicants a good opportunity for dialogue with the examiner during international preliminary examination, including at least one written opinion before establishing a negative IPRP), several delegations and representatives of users stated their support, emphasizing the importance for users of having an opportunity for a full and timely dialogue with the examiner so as to improve the application with a view to obtaining a positive IPRP, and noted that several International Preliminary Examining Authorities already today followed that practice. Other delegations stated that they supported this recommendation in principle but noted that a second written opinion should only be established where the applicant had made an attempt to address (by way of amendments or arguments) any issues identified in the international search report and the first written opinion by the ISA. Concerns were expressed as to the possible impact on the timeliness of Chapter II procedures and the additional burden on examiners.
106. One delegation expressed concerns about any changes to the PCT Chapter II procedures which would in effect undo some of the accomplishments achieved in the PCT reform process, and expressed the view that requiring Authorities to afford more than the one opportunity for the applicant to respond to any negative international search report and written opinion by the ISA would go beyond what most national Offices provide. In addition, the delegation noted that, in its experience, applicants rarely sought the dialogue with the examiner during Chapter II procedures. One Delegation and the representative of a civil society organization stated that they could not support this recommendation, noting that any dialogue during the international phase between the applicant and the examiner would put undue pressure upon the latter to establish a positive report.
107. In relation to the recommendation set out in paragraph 176(c) (Contracting States should consider possible incentives to applicants to encourage the filing of higher quality applications and to have defects corrected during the international phase), one delegation noted that this was particularly important for assisting the work of Offices, but that certain applicants, including universities and research institutes, notably from developing countries, required substantial assistance for the drafting and filing of applications to be able to comply with this recommendation. The representative of a civil society organization stated that he could not support this recommendation, noting that the setting of incentives for applicants was the wrong approach; rather, penalties should be applied for non-compliance and applications which did not comply with certain standards should be considered abandoned.
108. In relation to the recommendation set out in paragraph 181 (coordination of examiner training activities) several delegations noted that their national Offices provided training to examiners from Offices in developing countries, both by sending examiners to give training in those countries and by inviting examiners from the other Office to receive training.
109. In relation to the recommendation set out in paragraph 185 (access to effective search systems) one delegation noted that this was closely related to a core project of the IP5 (cooperation of the Offices of China, Japan, the Republic of Korea, the United States of America and the European Patent Office). One representative of a regional Office noted that access to such systems was also important for other bodies, such as universities.
110. In relation to the recommendation set out in paragraph 198 (review of compatibility with the Regulations and Administrative Instructions), one delegation, while agreeing in general, wished to emphasize that States could not always change their legislation easily and in any case this should not be understood as putting pressure on States to reconsider the issues of fundamental principle expressed by reservations under Article 64 of the Treaty.

- *Recommendations Relating to Cost and Other Accessibility Issues; Consistency and Availability of Safeguards*
  111. The Working Group endorsed the recommendations set out in paragraphs 191, 193, 194, 195 and 198, subject to the comments and clarifications appearing in the following paragraph.
  112. In relation to the recommendations set out in paragraphs 191, 193, 194, 195 and 198 (addressing cost and other accessibility issues), several delegations stated that fee reductions were available from International Authorities for applicants from certain developing countries. The representative of a civil society organization stated that any training offered to users should be guided by the Development Agenda recommendation.
- *Recommendations Relating to Technical Assistance; PCT Information and Technology Transfer*
  113. Several delegations expressed general support for the recommendations in paragraphs 204 (ensuring that technical assistance is appropriate), 207 (better information on the status of patent applications) and 211 (promotion of licensing).
  114. In relation to the recommendation in paragraph 207 it was suggested that this aim might be most efficiently pursued by building on the existing INPADOC database. However, it needed to be understood that searching to determine whether technology was freely available would always be difficult. The fact that either a patent application had not entered into force in a particular Contracting State or else it had lapsed did not mean that there were no other rights which might be relevant to exploiting a particular piece of technology. It was observed that a system offering both patent technical information and related patent status information may be of particular importance to universities and should be made available to them.
  115. In relation to the recommendation in paragraph 211, one representative of a civil society organization noted that the PCT was only a filing system and that thus applicants would still have to pursue applications at the national phase. He considered that there thus would be little value in applicants signaling that they were willing to license patents that had not only not been granted, but not been considered in the national phase. In addition, the main difficulty for developing countries was to get licensing terms which were fair and reasonable, and it was apparent that this could not be facilitated by the PCT. While the proposed register might create a perception that technology transfer was being facilitated by the PCT, there was nothing that showed that such a measure would effectively promote technology transfer, particularly by facilitating licensing terms which were advantageous for developing countries
  116. The Delegation of Egypt, speaking on behalf of the PCT Member States that were members of the Development Agenda Group, stated that it believed that the issue of technical assistance was a key issue to be dealt with under PCT reform. This was why it had presented document PCT/WG/3/13 “Views on the Reform of the Patent Cooperation Treaty (PCT) System”. While the study prepared by the Secretariat recognized that the problems of backlogs and quality could be ultimately addressed most effectively by national Offices recruiting, training and equipping a sufficient number of examiners, it left this to be addressed by national Offices and the big Patent Offices. It focused instead on how these issues could be addressed at the international level through work-sharing arrangements aimed at minimizing duplication of work in Offices.
  117. The Delegation stated that it should be recognized that an effective long-term and sustainable resolution of the problems of backlogs and quality would require augmenting the capacity of Offices to conduct as comprehensive a search and examination as possible for every application in a timely manner. This would require enhanced support for Offices, especially in developing countries, which must be provided in accordance with the

provisions of the PCT and the recommendations of the Development Agenda. In this context, the Delegation recalled that one of the two principal aims of the PCT was the “*organization of technical assistance, particularly for developing countries*” (paragraph 15 of the study).

118. Developing country Patent Offices should be provided enhanced access to effective search systems and good search databases at subsidized rates to facilitate better quality of search and examination (*the study acknowledged that many offices have limited access to effective search systems and databases owing to high costs*); funding, training and assistance should be provided to address the identified skill and manpower shortages; assistance in digitization etc.
119. Furthermore, Article 51 of the PCT called for the setting up of a Committee for Technical Assistance “with due representation of developing countries” to which the “Director General shall ... invite representatives of intergovernmental organizations concerned with technical assistance to developing countries to participate in the work of the Committee “. The Committee for Technical Assistance was supposed to “organize and supervise technical assistance for ... developing countries in developing their patent systems ...,” including through training, supply of equipment etc. The mandated Committee had not been established so far. The Delegation believed that it should be set up now to enable the Secretariat to look at technical assistance requirements comprehensively and address them in a focused manner.
120. The Delegation believed that a follow-up study by the Secretariat should comprehensively look into how the Secretariat could facilitate the provision of technical assistance as mandated by the PCT Treaty rather than just leaving it to the big IP offices to provide such assistance bilaterally.
121. Article 51 also envisaged that WIPO would “enter into agreements ... with international financing organizations and intergovernmental organizations, particularly the UN’ and its Specialized Agencies connected with technical assistance” for the financing of projects pursuant to this Article.” This had not materialized to date and should now be explored.
122. The Delegation further stated that another important concern pertained to technology transfer. The Preamble to the PCT outlined the following objective: “Desiring to foster and accelerate the economic development of developing countries ... by providing easily accessible information on the availability of technological solutions applicable to their special needs and by facilitating access to the ever expanding volume of modern technology”. As the study acknowledged, the PCT had been reformed over the years to streamline it from the viewpoint of the applicants’ interests. However, issues that were critical from the viewpoint of developing countries, such as whether and how well the PCT had been contributing to facilitating access to technical know-how for developing countries, as mandated by the Treaty, had never been reviewed or addressed by the PCT Working Group. It had also been sidelined in the present study. This important aspect with regard to the functioning of the PCT should also be reviewed in a follow-up study.
123. With regard to the issue of sufficiency of disclosure, the Delegation noted that the Preamble to the PCT also outlined the following objective: “*Desiring to facilitate and accelerate access by the public to the technical information contained in documents describing new inventions*”. This translated into the requirement of ensuring ‘sufficiency of disclosure’, which was an important issue from the viewpoint of developing countries. In fact, the promise of transfer of technology through adequate disclosure in patent applications was the primary benefit that developing countries were supposed to derive from the PCT system. However, this important issue had not been addressed in the present study by the Secretariat. Even procedural ways of improving disclosure in patent applications through practical measures, such as streamlining the application forms etc., had not been explored. The follow-up study should therefore also assess how well the

PCT system was functioning from the viewpoint of 'sufficiency of disclosure'. This was a critical issue from the perspective of maintaining the right balance between the holders of rights and public interest.

124. The Delegation of Switzerland, speaking on behalf of Group B, stated that it would like to make some preliminary comments on behalf of Group B concerning document PCT/WG/3/13. It wished to thank Egypt and the co-sponsors of document PCT/WG/3/13 for submitting this document and for sharing their views on PCT reform. With regard to the activities set out in this document for the further work of this Working Group and general reflections on the PCT, members of Group B wished to make preliminary comments on three essential points: the issue of quality and backlogs; the issue of technological transfer and the issue of technical assistance.
125. With regard to quality and backlogs, Group B wished to recall the framework for the agreed work program for the Working Group. This had been re-affirmed and agreed upon at the beginning of this meeting. It was agreed that the Working Group would not discuss substantive patent law or harmonization issues. The issues mentioned for additional studies to be carried out, such as, for example, disclosure, were not part of the scope of the Working Group's work. The Delegation further stated that it wished to recall at this stage that initiatives relating to quality or initiatives with a view to improving the situation with regard to backlogs were being tabled on an individual basis by offices which were interested in improving their quality of work and the speed of their work. It was also possible on a collective basis, for example, as part of the quality sub-group established within the context of the PCT Meeting of International Authorities (PCT/MIA).
126. It was therefore important to assess how these initiatives were moving forward to enable an assessment of how the Working Group was going to move forward on this area of work. As far as technology transfer was concerned, and with regard to the activities being proposed, Group B had to recall that, as far as patents were concerned, studies and discussions were underway within the framework of the Standing Committee on Patents and within the Committee on Development of Intellectual Property. Therefore, the Delegation believed it would be appropriate to look at the outcomes of those discussions and, if need be, complete those with additional studies and discussions related to the PCT, if necessary, rather than launching new activities in this regard within this Working Group. The Delegation stated that it sought to avoid duplication where possible and wished to see synergies. The risk of touching upon substantive issues should also be avoided; these issues should be left to the relevant committees.
127. Finally, with regard to technical assistance, the Delegation wished to recall what was mentioned in the Delegation's statement on behalf of Group B at the outset of the present meeting. Group B members felt it to be useful to re-examine and, where necessary, to develop technical assistance programs for patent examiners in developing countries or for small and medium-sized enterprises, research institutions and universities, on the basis of needs, to enable these parties to make better use and draw better benefits from the PCT system, and to be more active in it. In the study and during discussions in the Working Group, the Delegation had received information on the work and the content of the work of the Committee of Technical Assistance provided for under Article 51 of the PCT. With the creation of other Committees it had seen the dwindling relevance of the Committee under Article 51 of the PCT, which did not include the complete membership of WIPO. These other Committees covered issues of development of technical assistance from a more holistic and cross-cutting point of view, and the Delegation felt that re-instating the Committee under Article 51 would be a retrograde step. For this reason, members of Group B believed that, if there was a need for discussions on PCT technical assistance, something which the Group very much acknowledged, the Group believed that the CDIP was now the appropriate organ for these discussions, which was in a better position and had the capacity in place to undertake a holistic, cross-cutting assessment with

discussions on the part of all WIPO members. In general, Group B would favor a recommendation from the Working Group to call upon the competent organs of WIPO to provide PCT-related technical assistance to patent examiners, as had been recalled by the Representative of the African Group in his statement. The Delegation would also be in favor of activities for universities, research centers and small and medium-sized enterprises (SMEs).

128. The Delegation stated further that Group B was looking at establishing synergies between these activities, which could be rolled out in addition to existing projects and thus make it possible to be built on existing projects both within WIPO and within States, making best use of existing resources for these activities and avoiding duplicating efforts. For example, there were a number of thematic projects within the CDIP which covered some of the questions which had been mentioned in document PCT/WG/3/13.

129. Following extensive informal discussions, the Working Group endorsed the following recommendations relating to Technical Assistance and PCT Information and Technology Transfer, replacing or adding to the relevant recommendations within the study:

“204. It is recommended that, when requesting technical assistance in the context of the PCT, just as in any other area, Offices and Contracting States ensure that the purpose of the request is clear and that the International Bureau is aware of related national policies. The International Bureau should make sure that advice, training and systems which are delivered take the needs and national policies properly into account.

“204bis. It is recommended that a study be conducted by the IB to look into the issue of coordination of technical assistance for developing countries as envisaged in Article 51 of the PCT, in a focused manner and guided by the Development Agenda recommendations, and to make recommendations on “terms of reference” for the possible establishment of the Technical Assistance Committee. This study will be presented for decision to the 4<sup>th</sup> session of the Working Group.

“The study should also identify and assess existing agreements with relevant international financing organizations and inter-governmental organizations for financing of technical assistance projects (see PCT Article 51(4)), and make recommendations regarding the possibility of seeking further such agreements.

“207. It is recommended that the IB work with national Offices to deliver effective patent status information covering not only PCT applications and subsequently granted patents but also normal national applications, including information concerning opposition of patents (pre and post-grant), revocation and lapse of patents, issuance of compulsory licenses, etc. This information would be integrated into a search system allowing technology which has fallen into the public domain to be identified more readily. The IB would take up a pilot project to develop an integrated system for automatic updating of the status of the application by linking it with national offices/organizations.

“211. It is recommended that a system for promoting licensing should be established, including by introducing a register that encourages applicants to signal their willingness to license their potential patents.

“211bis. It is recommended that a follow-up study be conducted by the IB to review and assess how well the PCT system has been functioning in terms of realizing its aim of disseminating technical information and facilitating access to technology as well as organizing technical assistance for developing countries.

“The study should also propose recommendations and suggestions on how to improve the realization of that aim, including on sufficiency of disclosure, for consideration by Contracting States at the 4<sup>th</sup> session of the PCT Working Group, recognizing that action on certain issues may require discussion in other WIPO fora.

“In this context, appropriate changes should be made in the proposed form for third party observations (document PCT/WG/3/6 Annex 2, p.2), including “sufficiency of disclosure” aspects, for discussion at the next session.

“213. Noting the desire by many Contracting States to have all working documents of the PCT Working Group available in the six official languages of the United Nations, so as to encourage and facilitate engagement in the discussions by all Contracting States, it is recommended that this issue be included in the study by the IB on the overall WIPO language policy currently under way.”

130. The Secretariat stated that, with regard to the recommendation set out in revised paragraph 207, it wished to clarify that the International Bureau would carry out the recommended pilot project within the parameters of the existing funding and budget, and that the project would build on already existing similar projects and existing facilities from within and outside of WIPO.
131. The Delegation of Switzerland, speaking on behalf of Group B, stated that it was delighted about the willingness of all to work together in this Working Group during this week. It noted that there had been very technical and interesting discussions on the substantive issues on the agenda of this meeting and very fruitful discussions and a very good approach from delegations, with all delegations listening carefully to each other to understand the respective positions and trying to find solutions to pursue the work in front of the Working Group. All delegations should congratulate themselves for the success achieved.
132. The Delegation stated further that, noting that the study on the need to improve the functioning of the PCT system had been submitted several weeks ago and that informal briefing sessions had been held in relation to the document, it would have been useful to facilitate the work of the Working Group if alternative or additional proposals and explanations, such as those presented by the Delegation from Egypt and the other cosponsors of document PCT/WG/3/13, had been made available earlier so as to contribute to a more productive exchange of views during the meeting. The Delegation expressed the view that, this notwithstanding, the Working Group had had healthy discussions and positive interactions and had achieved an encouraging result; the Delegation wished to thank everybody for the good work and the successful result. More generally, the Delegation wished to point out how important it was that the studies and the systems which had been agreed on stayed within existing financial resources and used, as far as possible, existing resources and systems. On the other hand, resources were limited, so existing resources needed to be maximized and duplication and setting up of parallel structures avoided.
133. In concluding, the Delegation stated that, with regard to the recommendation set out in paragraph 211 as endorsed by the Working Group, it was the Delegation’s understanding that this recommendation referred to the international phase and not the national phase.
134. Concerning paragraph 204*bis*, Group B was looking forward to concluding the discussions the Working Group had concerning the possibility to reestablish the Committee on Technical Assistance or not.
135. The Delegation of Egypt, speaking on behalf the PCT Member States that were members of the Development Agenda Group, stated that it wished to congratulate all Member States for achieving this consensus. It noted that the Development Agenda Group had provided specific recommendations set out in document PCT/WG/3/13 which included the views on



the PCT reform by that Group and had presented specific recommendations about how to achieve a balanced outcome of the discussions. The Delegation expressed the view that the Group had engaged constructively and thanked particularly Member States that had accepted to engage directly; it also appreciated the proxy measures that had been undertaken by others to reach consensus, but in general would like to encourage a direct engagement from all Member States in the future, noting that this would be the only way in which constructive agreements within the WIPO context could be reached.

136. The Delegation further noted that it wished to express its concern about the fact that the issue which had prevented this Working Group from making progress faster was an issue of an obligation under the Patent Cooperation Treaty, namely, that of the obligation under PCT Article 51 to set up a Committee on Technical Assistance. The Delegation noted that there were many other Articles in the PCT Treaty with regard to which the Working Group could find itself in the future in a similar position. In this context, the Delegation stated that Treaty obligations under the PCT needed to be implemented and that it looked forward to engage accordingly in the discussion in the fourth session of the Working Group.
137. The Delegation of Angola, speaking on behalf of the African Group, stated that it wished to thank the Secretariat, the members of the Development Agenda Group and of Group B for all of the efforts to reach a consensus. As the Delegation had stated during the informal consultations, it was important for future consultations that issues which were essential for particular Groups were identified early in the process to facilitate the process of reaching a consensus, rather than getting bogged down in controversy, which changed the dynamic of discussions. Such issues should be identified early, for example, during informal briefing sessions prior to the formal meetings, to avoid lengthy discussions during the meeting. The Delegation further stated that, in the end, the process of reaching consensus had worked well and that the Delegation looked forward to seeing the kind of flexibility shown during this meeting in all Committees within WIPO.

### **Third Party Observations System**

138. Discussions were based on documents PCT/WG/3/6 and 11.
  139. The Working Group recommended that the International Bureau should begin development of a third party observation system along the lines indicated in document PCT/WG/3/6, subject to the following comments.
140. A third party observation system, if implemented and used effectively, would be beneficial to applicants, Offices and third parties alike. Such a system would offer opportunities to increase the quality of search and examination and to reduce the number of invalidly granted patents and costly opposition procedures. Most national third party observation systems were not used in a large number of cases for a variety of reasons, but were nevertheless felt to be important for those cases when they were used.
141. To be used, the system needed to minimize the burden on third parties, examiners and applicants alike. To achieve this, it was important to fully automate the system, including providing direct links to cited documents as far as possible. This would probably involve allowing third parties to upload documents considered relevant, to the extent that copyright permitted. It was also important to minimize the risk of irrelevant observations being submitted or of "gaming" the system, including the submission of excessive numbers of observations. The observations should be used at the discretion of examiners, with no obligation to make a full assessment of the relevance of every one. It was important that the applicant be promptly made aware of observations submitted. The applicant should have a right to respond, but no obligation (actual or implied) to do so. The applicant should also not be expected to provide translations of observations. There should be no need for any response to be given to third parties who submitted observations. For relevant observations, it was desirable to receive as much information as possible, including an

explanation of the relevance of prior art referred to and to indicate the specific claims to which prior art was said to be relevant. The observations submitted needed to be available to everyone, not only to Offices.

142. It was important that observations should be submitted at a time when they would be useful and not disrupt the processes of international or national search and examination. The system would be most effective if observations were submitted at a time when they could be taken into account by an International Authority, though this would not be practical in many cases without a change to the timing of processing within the international phase, especially in cases where the applicant does not demand international preliminary examination. Ideally, in any case, observations would be filed early enough to permit the applicant to submit a demand for international preliminary examination. Observations filed after the end of the international phase might cause a number of difficulties, including informing the applicant (noting that the applicant is not necessarily the same for the national phase in all States), possible difficulties in reconciling the effects of international third party observations with national phase processes in designated Offices and the risk of "harassment" by submission of a continual stream of observations which might be argued to impose an obligation on the applicant to notify the observations to some designated Offices, even if they did not appear particularly relevant to the questions of novelty and inventive step. The system should include a warning to third parties that their observations should be filed as soon as possible since they would be less likely to be taken into account at a later stage, especially if the applicant entered the national phase early before some designated Offices.
143. Many delegations believed that observations, if sufficiently well structured, would be useful on all matters which could be the subject of comments in an international preliminary report on patentability, such as clarity and sufficiency of disclosure as well as prior art relevant to novelty and inventive step. Such information should be structured to allow different views of it to be made available, so that examiners and others could easily see the specific parts of it which they required. Others preferred to limit the observations to the citation and explanation of prior art considered to be relevant to novelty and inventive step, at least until experience had been gained with that more limited system.
144. The delegations which commented believed that anonymous observations would be acceptable: what counted was the quality of the observations made, not their origin. On the other hand, one representative of users suggested that if the aim of the system was transparency, this might apply also to the question of who was making observations.
145. This system was one of several developments which were under way at present in different contexts which aimed to promote the sharing of information relevant to the establishment of high quality search and examination reports. It was important that these should be coordinated effectively to minimize overall costs and maximize interoperability. It was also important to evaluate the effectiveness of the system once it had been established.
146. Some delegations and representatives of users noted that financial or other incentives had been offered in certain cases to encourage the making of useful observations by third parties.
147. While several delegations noted that they believed that a third party observation system could be implemented on an informal basis with no specific legal provisions, others believed that a basis in the Administrative Instructions would clarify the status of the system and allow easy reference to matters such as the times at which observations were permitted.
148. In developing the system, it would be important to ensure that the needs of very small Offices were properly taken into account, even though they might have difficulty in responding to the normal forms of consultation.

149. The Chair concluded that there was a consensus for a third party observation system to be set up as soon as possible. Some delegations had called for a broader review of related procedures and timing to make the overall procedure more effective, but did not wish discussions of this to delay development of the system. A majority of delegations preferred that observations should be limited to the international phase, at least for the present. There were differences of opinion over the exact scope of observations which should be permitted, but these differences did not appear to be fundamental. While some delegations wished to have a legal framework, there was no suggestion that this need involve changes to the Regulations. Rather, Administrative Instructions could be considered.
150. The International Bureau outlined the approach which it proposed to take in implementing a third party observation system as follows. The system should be seen as a pilot project whose details were subject to review as experience was gained. Work would begin with the cases where there was already consensus that that the system should apply, which should also provide the easiest and fastest solution to implement. In particular, with respect to timing, observations would be accepted only after international publication. This would help ensure that the observations were made on the correct international application and that the person making the observations was able to refer to specific claims. Observations would only be accepted until 28 months from the priority date. Comments in response by the applicant would be accepted until 30 months from the priority date. Comments would initially be limited to citation of relevant prior art and an indication of how it was relevant to novelty and inventive step. The system would be developed so as to permit fields for comments on other issues such as clarity and sufficiency of disclosure to be added, or permitting the relevant dates to be changed. Such changes might be implemented at a later stage when experience had been gained with prior art references.
151. Before the system was implemented, the International Bureau would undertake consultations on the details through one or more PCT Circulars and by placing proposals on the WIPO website to request comments, covering:
  - (i) the technical arrangements for making observations, seeking comments as to whether this would be sufficiently easy to allow prior art to be submitted in a form which Offices should find useful. It was expected that this system would be closely integrated with PATENTSCOPE<sup>®</sup> and include technical limitations to cover making observations only within the appropriate time limits and to avoid “flooding” of the system with excessive numbers of comments.
  - (ii) the technical arrangements for making observations available, particularly seeking comments from Offices as to whether this would allow easy use of the results and be compatible with other, related systems. Again, it was expected that this system would be closely integrated with PATENTSCOPE<sup>®</sup> so that all related information was visible from a single source. Proposals in this area would also cover the specific question of how and when to notify applicants that observations had been made.
  - (iii) possible changes to the Administrative Instructions, to the effect that the International Bureau may accept observations on international applications through the PATENTSCOPE<sup>®</sup> website within the time period mentioned above. Such observations would be made available to applicants, designated and elected Offices, International Authorities and third parties, but would not have any special status requiring those entities to take action as a result of their being made available. An applicant would nevertheless have the right to make comments on any observations at any time up to 30 months from the priority date, which comments would similarly be made available.

### **Quality Feedback System**

152. Discussions were based on document PCT/WG/3/7.
153. In introducing the document, the Secretariat recalled the close links which were seen with the third party observation system which had just been discussed and other projects for sharing search and examination information between Offices. The Secretariat emphasized the importance of all such systems working together effectively and indicated that it believed that the cost of developing this system should be minimal since most of the services could be shared with those being developed for the third party observation system.
  154. The Working Group recommended that the International Bureau should begin development of a quality feedback system along the lines indicated in document PCT/WG/3/6, subject to the following comments.
155. Communication between Offices was important if collective action was to be effective in improving the quality of examination by national Offices. In particular, it was desirable that designated Offices should give feedback to International Authorities. This system was a worthwhile trial in assisting this, but it needed participation by examiners in designated Offices to be effective. Participation by examiners in designated Offices should not be compulsory. It was important to minimize any burden on examiners by automating as much as possible. It was also important that designated Offices should not expect responses to individual comments by the International Authorities.
156. It was important to establish exactly what information would be useful to International Authorities as feedback which could help them to improve the quality of their work, and whether comments might be general or specific to international applications. It would be necessary to remember that observations should relate to matters assisting improvement of the work of International Authorities and not be based on value judgments. Sharing of search strategies was important for evaluation of quality. While it was important that other designated Offices should have access to some types of information such as newly found relevant prior art, other types of comments would need to be confidential between only the International Authority, the International Bureau and the designated Office which made the comments. The different categories of information needed to be clearly identified. The information should be used to help International Search Authorities improve their systems, rather than as a means of evaluating the quality of an Authority.
157. Public information on citations found by a designated Office submitted through this system should allow duplicate citations to be eliminated. It would also be highly desirable, perhaps even essential, to know whether citations had been found relevant on the application in the form which it had taken in the international phase or as a result of an amendment specific to the national phase.

### **Eligibility Criteria for Reductions in Certain Fees: Revised Proposals**

158. Discussions were based on document PCT/WG/3/4 Rev.
159. The Delegation of Sudan, speaking on behalf of the Arab Group, stated that it wished to express its deep concerns regarding the modification of the eligibility criteria for reductions in certain PCT fees. As stated in documents PCT/WG/3/4 and PCT/WG/3/4 Rev., least developed and developing countries should be granted the benefit of fee reductions to increase access of these countries' applicants to the PCT system. Those documents presented a revised proposal for establishing eligibility criteria to determine the group of countries whose applicants should benefit from a reduction of certain PCT fees.
160. The Delegation wished to draw attention to two major interdependent pillars which had characterized WIPO's strategies: development and innovation. The eligibility criteria for reductions in certain fees should take these two dimensions into consideration. It should

also be in line with the WIPO Medium Term Strategic Plan for 2010-2015, in particular, Strategic Goal III "Facilitating the Use of IP for Development", as well as the WIPO Development Agenda. Therefore, developing countries should be enabled to become producers of innovation not just consumers of technology. Facilitating the use of IP for development could only be realized through technical assistance and capacity building activities among which was granting of financial flexibilities to those in need. For these reasons, opting for an innovation-based criterion as an indicator of eligibility for reductions in PCT fees was the most suitable mechanism which would help narrow the gap between developed and developing countries. Promotion of innovation among developing countries would guarantee an increase in the number of PCT applications from developing and least developed countries and encourage the use of PCT system.

161. In concluding, the Delegation stated that, on the basis of all these arguments, and following the Delegation's support to WIPO in its endeavors towards the improvement of the PCT System, the Arab Group suggested that, unless the WIPO Secretariat could find equitable and balanced criteria in line with WIPO's developmental objectives, the reduction in fees should continue with the system as applied since July 1, 2008.
162. The Delegation of Oman stated that it supported the statements of Sudan on behalf of the Arab Group as well as the statement of Thailand on behalf of the Asian Group delivered in the context of the discussions on document PCT/WG/3/2 (see paragraph 63, above). The Delegation further stated that it wished to thank the International Bureau for its efforts to prepare documents PCT/WG/3/4 and PCT/WG/3/4 Rev.; however, it was not in a position to support the proposals as presented in document 4 Rev. A proposal based merely on income criteria would not promote capacity building and technical assistance. Although the Sultanate of Oman was considered a high-income nation, there still was a gap regarding innovation and effective use of technology. The Sultanate of Oman, like other developing countries, was entitled to benefit from the 90% fee reduction as it fell within the eligibility criteria for the following reasons: it was a country which relied mostly on one product to develop many economic sectors which makes its economy more vulnerable. Therefore, its wealth should not be compared to high income countries.
163. The Sultanate of Oman was still depending on the International Bureau's technical support in the registration of all national and international applications. It had only recently acceded to PCT and was still in the process of improving, if not establishing, national institutions to take in charge the administration of patents. The Delegation expressed the view that WIPO should honor its promises regarding promotion of innovation among developing countries. Facilitation granted to developing countries at the procedural and financial levels were an important step to realize WIPO's objectives, reflected in its Medium Term Strategic Plan for 2010-2015, namely Strategic Goal III. Based on all these arguments, and on the absence of equitable and balanced criteria in line with WIPO's development objectives, the Sultanate of Oman wished to propose that the ad-hoc decision of March 2008 should be made permanent and all countries that were eligible for the reduction as at 1 July 2008 should continue to be eligible for the fee reduction.
164. The Delegation of Singapore stated that it associated itself with the opening statement by Thailand on behalf of the Asian Group delivered in the context of the discussions on document PCT/WG/3/2 (see paragraph 63, above) concerning the issue of PCT fee reductions. It also wished to thank the International Bureau for the very succinct update of developments on this issue so far, and for its revised proposal on the eligibility criteria for the reduction of PCT fees for individual applicants from selected Members States as set out in document PCT/WG/3/4 Rev. As the Delegation had stated at previous meetings, the conceptual robustness of the eligibility criteria in fulfilling the objective of spurring innovation was of paramount importance. In other words, the Delegation's position was contingent on a set of criteria that was holistic, objective and served the intended aim of encouraging inventive activities. The Delegation noted that the International Bureau's

revised proposal PCT/WG/3/4 Rev. now used a combination of income and innovation criterion in determining the list of beneficiaries for the 90% fee reduction. From the Delegation's perspective, the inclusion of an innovation criteria based on the number of PCT applications by natural persons lent greater balance and objectivity to the proposal, and took into account the Delegation's suggestion of examining the inventive performance of countries.

165. The Delegation of Singapore further stated that it acknowledged the International Bureau's observation that there was no single internationally accepted innovation criterion. In this regard, it appreciated the International Bureau's efforts in designing an innovation criterion, and recognized that this was an encouraging improvement over its earlier proposal. Nevertheless, the Delegation wished to note that some clarity and clarification was still necessary in explaining how certain thresholds for the criteria were determined. These include "*less than 10 international applications per million population per year, less than 50 international applications filed per year*" and also "*GDP per capita below US\$25,000*". It also wished to highlight that the use of "*per capita*" and "*per million population*" parameters could unfairly disadvantage countries with smaller populations. In principle, a rigorous innovation criterion should be founded on sound reasoning, statistical analysis and take into account a variety of elements, such as patent counts, PCT resident filings, and patent value in the form of licensing revenue flows. The Delegation would appreciate any clarifications from the International Bureau on the rationale for these benchmarks to better inform our discussions.
166. Along the same vein of a continued review of the level of fees for different applicants, the Delegation considered that there was also a need to assess the workings and effectiveness of the new GDP and innovation criteria if these were adopted by Member States. The objective of this review process was to evaluate, inter alia, whether the criteria achieved the intended purpose of encouraging innovation, and to re-examine and update the thresholds of "*GDP per capita below US\$25,000*", "*less than 10 international applications per million population per year*" and "*less than 50 international applications filed per year*". The Delegation therefore proposed the inclusion of a clause to allow for a review and update of the proposed criteria every five years upon entry into force.
167. In concluding, the Delegation of Singapore stated that it welcomed the revised International Bureau's proposal on eligibility criteria for PCT fees reduction. The addition of the innovation criterion could benefit States with lower levels of filings by encouraging innovation, and an increased usage of the PCT system as a preferred route of choice for patent applications. At the same time, it called upon Member States to consider the Delegation's proposal to include a review clause and also appreciated the International Bureau's responses to the Delegation's questions concerning the benchmarks used for the proposed criteria.
168. The Delegation of Barbados stated that it wished to express its sincere thanks to the International Bureau for its efforts in preparing document PCT/WG/3/4 Rev. concerning the eligibility criteria for reductions in certain PCT fees. However, for reasons elaborated on in the following statement, it considered the proposed criteria contained in document PCT/WG/3/4 Rev. unacceptable.
169. During the second session of the PCT Working Group Barbados indicated amongst other things: (1) That the eligibility criteria for reductions in certain PCT fees should be equitable and balanced, taking into account the special needs of developing countries. (2) That per capita income as a determinant of eligibility for a PCT fee reduction was not an accurate indicator of which countries required a stimulus at the international level to encourage innovation. (3) That to use the per capita income criterion on its own resulted in inequity with respect to small economies such as Barbados. Patent holders in Barbados faced challenges over and above those in large emerging economies in the manufacture and

sale of their inventions. These challenges included the lack of economies of scale, the high cost of labor to manufacture the invention and an insufficiently large local market for the sale of the inventions. The challenges were such that any advantage to be gained from having a higher per capita income was rendered nugatory. (4) That Barbados did not have difficulties with patent applicants in large emerging economies benefiting from a fee reduction but that there should be equity and balance. Barbados, as a small vulnerable economy, should not be given treatment less favorable than that which was to be given to the large emerging economies. (5) To avoid inequity at the international level, Barbados proposed that the criteria to be developed include a carve-out for small economies based on their NAMA trade or that the fee reduction be given to all developing countries.

170. In document PCT/WG/3/4/ Rev., the International Bureau had rejected the inclusion of a carve-out for small vulnerable economies on the basis that such a carve-out would result in some small countries with very high incomes and strong economies benefiting from the fee reduction. In addition, it was stated that the main concern with respect to the inclusion of a criterion on percentage of world trade was that official reliable figures of shares in world trade were not available for all countries whose applicants could potentially benefit from the PCT fee reductions. The Delegation of Barbados had indicated to the International Bureau that the WTO obtained its figures from the UN ComTrade Database and that this database may be a source from which the figures could be obtained.
171. In addition to rejecting the inclusion of a carve-out for small economies like Barbados, the International Bureau had rejected the suggestion that the fee reduction should apply to all developing countries. The basis of the rejection was that “there is no distinct group of developing countries recognized by the United Nations as a whole that would include “all developing countries”. The Delegation stated that it found this reasoning unacceptable. What was important for the purposes of this issue was WIPO’s conception of “developing countries”. The Delegation expressed the view that the International Bureau should give the term “developing countries” the same meaning that was attributed to this group of countries in the context of the WIPO Development Agenda and in the context of the Medium-Term Strategic Plan (MTSP) 2010-2015. The strategies with respect to Strategic Goal II of the MTSP referred to examining existing PCT fee structures and pricing models with the goal of making the PCT system more accessible to applicants, and in particular to small and medium-sized enterprises (SMEs) and to those in developing and least developed countries. With reference to the MTSP, the Delegation questioned, rhetorically, who would comprise the group of developing countries, noting that the International Bureau and Member States had to have some concept of which group of countries fell within the class of developing countries in the WIPO context. Special and differential treatment for developing countries in WIPO was still given, notwithstanding that there was no distinct group of developing countries recognized by the United Nations as a whole.
172. The Delegation further noted that the International Bureau also referred to existing groups of developing countries such as Small Island Developing States but had eliminated these groups as bases for PCT fee reductions.
173. Having rejected proposals by Barbados aimed at promoting equity and balance, and at correcting the inequity whereby some small vulnerable economies, such as Barbados, were given treatment less favorable than the large emerging economies with respect to access to the PCT system, the Delegation would have thought that the International Bureau would have come up with better criteria. But this had not been the case.
174. The International Bureau had proposed an innovation criterion as one of the bases of eligibility for fee reductions. This criterion had two indicators which discriminated against countries with small populations. With respect to the first indicator which was linked to population size, natural persons from Barbados would only be able to file a maximum of 12 applications over a five year period if Barbados was to remain within the threshold for

eligibility for a PCT fee reduction, while a developing country with a stronger economy and bigger population than Barbados could file 65,000 applications and remain within the threshold for eligibility. As regards the second indicator, natural persons from Barbados were able to file less than 50 applications over a five year period compared to 65,000 in another developing country. The Delegation asked the rhetorical question whether this was fair, equitable and balanced.

175. The innovation criterion presented by the International Bureau had to a large extent failed to achieve its purpose. It did not clearly distinguish which countries needed a greater stimulus at the international level to encourage innovation from those which needed less. Indeed, the criterion had the opposite effect, allowing more applications to be filed at the reduced rate by some countries which needed less of a stimulus. The determinant of eligibility under the innovation criterion appeared to be the size of the population of a country. While the Delegation welcomed the concept of an innovation criterion, it was of the view that the current indicator linked to population was so seriously flawed that it should not be one of the bases on which countries would be eligible for a PCT fee reduction.
176. In concluding, the Delegation proposed that the International Bureau should further review the eligibility criteria for reductions in certain PCT fees for natural persons and propose equitable and balanced innovative solutions to ensure that natural persons from small economies, like Barbados, were not given treatment less favorable than the large emerging economies with respect to access to the PCT system. It wished to indicate that its reference to large emerging economies was not to reduce the number of countries which currently benefit from the PCT fee reduction. Rather, its reference was intended to provide a yardstick which could be used to determine whether criteria to be agreed with respect to small economies such as Barbados were equitable and balanced. If Member States and the International Bureau were unable to find equitable and balanced criteria across the board which took into account the economic circumstances in different countries, PCT fee reductions should be given to all developing countries. Alternatively, the ad-hoc decision of March 2008, in so far as it extended the fee reduction to the nine countries, including Barbados and two other small economies from the Caribbean, could be made permanent, as had been proposed by the Delegation of Oman
177. The Delegation of the United Arab Emirates stated that it supported the statement made by Sudan on behalf of the Arab Group and that of Thailand made on behalf of the Asian Group. It expressed the view that the proposed criteria were far from being balanced, fair and equitable and supported the intervention made by the Delegation of Barbados that the current criteria should be maintained.
178. The Delegation of Bahrain stated that it supported the statement made by Sudan on behalf of the Arab Group and that of Thailand made on behalf of the Asian group. The revised proposal for establishing eligibility criteria to determine the group of countries whose applicants should benefit from a reduction of certain PCT fees set out in documents PCT/WG/3/4 and PCT/WG/3/4 Rev. had to be based on balanced and equitable principals. The Delegation supported the proposal made by the Delegation of Oman that the ad-hoc decision of March 2008 should be made permanent and all countries that were eligible for the reduction as at 1st of July 2008 should be eligible for the fee reduction.
179. The Representative of OAPI noted that the proposed criteria would create an imbalance among its Member States, noting that some of them, being considered to belong to the group of least developed countries, would benefit from fee reductions no matter whether an application was filed by an applicant who was a natural person or not, while others, not considered to belong to the group of least developed countries, would only benefit from those reductions where the application is filed by a natural person.



180. In response to the issue raised by the representative of OAPI, the Secretariat clarified that such imbalance already existed under the current criteria, which made a similar distinction between countries belonging to the group of least developed countries and those which did not.
181. Noting that there was no agreement in the Working Group on the proposed new criteria for the eligibility for reduction in certain PCT fees set out in document PCT/WG/3/4 Rev., the Secretariat stated that it would further consider the issue with a view to finding alternative solutions which could be agreed upon by all Member States, pending which the status quo would remain. It encouraged all Member States to make suggestions as to a possible way forward.

**Rectification of Obvious Mistakes; Amendments Under Articles 19 and 34 and Accompanying Letters; Annexes to the International Preliminary Examination Report**

182. Discussions were based on document PCT/WG/3/8.
183. The Working Group approved the proposed amendments of the Regulations set out in the Annex to document PCT/WG/3/8 with a view to their submission to the Assembly for consideration at its next session, in September-October 2010, subject to the comments and clarifications appearing in the following paragraphs and to possible further drafting changes to be made by the Secretariat.
184. It was agreed to further amend Rule 49.5 as set out in the Annex to document PCT/WG/3/8 as follows:
- “49.5 Contents of and Physical Requirements for the Translation
- (a) For the purposes of Article 22, the translation of the international application shall contain the description (subject to paragraph (a-bis)), the claims, any text matter of the drawings and the abstract. If required by the designated Office, the translation shall also, subject to paragraphs (b), (c-bis) and (e),
- (i) [No change]
- (ii) if the claims have been amended under Article 19, contain both the claims as filed and the claims as amended [\(the claims as amended shall be furnished in the form of a translation of the complete set of claims furnished under Rule 46.5\(a\) in replacement of all the claims originally filed\)](#), and
- (iii) [No change]”
185. It was agreed to further amend Rule 70.2(c-bis) as set out in the Annex to document PCT/WG/3/8 as follows:
- “(c-bis) If the claims, description or drawings have been amended but the replacement sheet or sheets were not accompanied by a letter indicating the basis for the amendment in the application as filed, as required under Rule 46.5(b)(iii), [Rule 46.5\(b\)\(iii\) being](#) ~~as~~ applicable by virtue of Rule 66.8(c), or Rule 66.8(a), as applicable, the report may be established as if the amendment had not been made, in which case the report shall so indicate.”
186. In response to the query by one delegation as to the difference in meaning between the terms “furnishing”, “submitting” or “filing” of documents by applicants as used throughout the Regulations, the Secretariat explained that the use of those different terms was not meant to give different meanings to what appeared to be essentially the same act performed by applicants but was simply due to inconsistent drafting styles used over the years.

187. One delegation expressed its concerns as to the frequency of amendments to the Regulations and considered that only those amendments should proceed which were absolutely necessary.
188. All delegations which took the floor on the matter stated that they did not see the need to further amend the Regulations so as to require the applicant to furnish a copy of any “explanatory” letter accompanying amendments under Articles 19 and 34 and a translation thereof (if so required) to any designated or elected Office for the purposes of national phase processing; rather, it should be left to the national law and practice of the designated or elected Offices concerned how to deal with the need for the submission of any such letter, and the consequences for national phase processing of the international application if the applicant failed to provide a copy of any such letter or a translation thereof.
189. The Secretariat informed the Working Group that draft proposals for any required transitional arrangements and entry into force provisions relating to the proposed amendments of the Regulations which had been approved by the Working Group with a view to their submission to the Assembly for consideration at its next session, in September-October 2010, would be posted on the PCT Working Group electronic forum<sup>1</sup> for comments by members and observers of the Working Group, with a view to preparing final texts for submission to the Assembly.

#### **Improved Procedure for Correction of Errors made by the Receiving Office or the International Bureau**

190. Discussions were based on document PCT/WG/3/10, containing proposals submitted by the United Kingdom for amendment of Rules 20 and 26*bis* of the PCT Regulations to introduce a procedure allowing certain errors made by the receiving Office or the International Bureau to be corrected in the international phase.
191. Several delegations supported the proposals set out in document PCT/WG/3/10, noting that a consistent practice of receiving Offices and the International Bureau with regard to the correction of errors made when according an international filing date or declaring a priority claim to be void would be beneficial for Offices as well as applicants.
192. Several other delegations stated that, already today, even in the absence of an express provision to that effect in the Regulations, receiving Offices and the International Bureau corrected mistakes they had made in the processing of international applications, either on the basis of applicable national laws and practices or based on the implicit power to correct their own mistakes so as to comply with the general requirement to act in accordance with the Treaty and the Regulations. Those delegations thus did not see the need for the proposed amendments. Furthermore, concerns were expressed as to the user-friendliness of the proposed amendments, noting that it was proposed to introduce time limits for the correction of mistakes which did not exist under the practice of most Offices which already today corrected their own mistakes. One representative of an intergovernmental organization, noting that the Regulations were already overly complex and that too many changes had been introduced over the years, expressed the view that new amendments should proceed if, and only if, absolutely necessary. One delegation suggested that it may be sufficient to clarify the issue in the PCT Receiving Office Guidelines.

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<sup>1</sup> See WIPO's website at <http://www.wipo.int/pct-wg/en>.

193. The Secretariat confirmed that the International Bureau in its role as a receiving Office and as the International Bureau corrected its own mistakes, despite the absence of an express provision to that effect in the Regulations. It further considered it problematic to introduce new provisions expressly allowing for the correction of mistakes with regard to the according of an international filing date or declaring a priority claim to be void but not with regard to other mistakes, leaving room for doubt as to whether receiving Offices and the International Bureau could continue their practice of correcting such mistakes not covered by such express provisions.
194. The Delegation of the United Kingdom thanked all delegations who had taken the floor on the matter for their comments and suggestions and stated that it supported the proposal to address the issue by way of a modification to the PCT Receiving Office Guidelines.
195. The Working Group agreed that the issue should be clarified by way of a modification to the PCT Receiving Office Guidelines.

### **Photographs and Color Drawings in International Applications**

196. Discussions were based on document PCT/WG/3/9.
197. The Working Group recognized the value of photographs and color drawings in making a clear and effective disclosure of certain types of invention and agreed that it was desirable to progress quickly on this matter, but that further study was required on the technical and legal issues which would be involved in permitting the filing and processing of such drawings as part of international applications, including issues raised in the following comments.
198. At present, the national patent systems of most Contracting States which had commented on this matter only permitted black and white drawings, though in some cases this did include black and white photographs as well as line drawings. Those systems which did permit color drawings generally did so only where it was considered necessary for a clear and complete disclosure of the invention to be made.
199. There were potentially significant costs involved in both updating processes to permit the processing of photographs and color drawings (hereafter, the term "color drawings" is used also to include photographs, including "black and white" photographs) and in handling the color drawings in individual applications. It may be necessary to limit the use of color drawings to cases where this is necessary for the effective disclosure of the invention. Noting that the receiving Office would not be in a position to judge this question, this might involve the provision of a statement by the applicant that the color drawings were considered to be necessary and a fee to cover additional costs. It was observed that while color drawings might only be essential in a few cases, such as where microscopic images were shown of cells which had been colored to distinguish them, color drawings could make the disclosure much easier to understand in many cases, including mechanical arrangements. Color drawings could make the assessment of patent applications and understanding of technology much easier in a very general sense.
200. While it was clearly desirable in theory for the introduction of color drawings to apply to the national phase in all States in addition to the international phase, this would probably not be practical, both because of technical issues and the difficulty of making legislative changes.
201. The use of color should be limited specifically to the separate drawings section of the international application. There did not appear to be any need to permit color text or color drawings to be included in the description, claims or abstract. It would probably be appropriate to limit the filing of color drawings to electronically filed international applications in order to minimize the impact on receiving Offices.

202. The technical standards and processes needed to take account of the fact that applicants may sometimes wish to submit very detailed drawings. The current processes where images are down sampled to a maximum of 400dpi may lose significant information. Where this happens in the filing software prior to filing of the international application it may not be possible to correct the problem. Standards may need to look at maximum file sizes, both for individual images and for overall packages. Significant progress had been made by the ST.67 task force (Electronic management of the figurative elements of trademarks) and a number of recommendations relevant to file formats had been made. While systems for patents should not be bound by this, it would be highly desirable to be consistent to the extent possible.
203. The system may need to examine other questions of format to keep pace with changes in options for representing information effectively, such as the possibility of allowing three-dimensional figures to be submitted.
204. The Secretariat emphasized that it stood ready to discuss the relevant issues with Contracting States directly at any time to help understand the technical and legal issues which may be involved both in the international and national effects of any change to permit color drawings.

#### **Proposal on Numbering Figures**

205. Discussions were based on document PCT/WG/3/12, containing a proposal by the Republic of Korea for the amendment of Rule PCT Rule 11.13(k) to allow for the alphanumeric numbering of figures.
206. The Secretariat explained that, already today, it was the general interpretation of Rule 11.13(k) that it was acceptable, for partial figures intended to form one complete figure, that the complete figure be identified by the same number followed by a capital letter (for example, Fig. 7B), as set out in paragraph 5.141 of the PCT Applicant's Guide:

“Different figures on the sheets of drawings must be numbered in Arabic numerals consecutively and independently of the numbering of the sheets and, if possible, in the order in which they appear. The numbers of the figures should be preceded by the expression “Fig.,” whatever the language of the international application. Where a single figure is sufficient to illustrate the claimed invention, it should not be numbered and the abbreviation “Fig.” should not appear. Numbers and letters identifying the figures must be simple and clear and may not be used in association with brackets, circles, or inverted commas, except as regards partial figures intended to form one complete figure, irrespective of whether they appear on one or several sheets. In this case the complete figure may be identified by the same number followed by a capital letter (for example, Fig. 7B).”
207. The Delegation of the Republic of Korea thanked the Secretariat for the explanation and stated that, following this clarification, it no longer saw a need for an amendment of Rule 11.13(k).

#### **OTHER MATTERS**

208. No issues were raised under this agenda item.

#### **FURTHER WORK**

209. The Working Group agreed that the present report should be submitted to the Assembly for consideration at its next session, in September-October 2010, to inform the Assembly of the discussions and decisions that had been made at the present session.
210. The Working Group agreed to recommend to the Assembly that, subject to the availability of sufficient funds:

- (i) one session of the Working Group should be convened between the September 2010 and September 2011 sessions of the Assembly; and
- (ii) the same financial assistance that had been made available to enable attendance of certain delegations at this session of the Working Group should be made available to enable attendance of certain delegations at that next session.

211. The International Bureau indicated that the fourth session of the Working Group was tentatively scheduled to be held in Geneva in May 2011.

#### **ADOPTION OF THE REPORT OF THE SESSION**

212. The Group unanimously adopted this report on June 18, 2010.<sup>2</sup>

[The Annex of document PCT/WG/3/14 Rev., containing the list of participants, is not reproduced here]

[End of Annex and of document]

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<sup>2</sup> The Working Group provisionally adopted this report subject to a review by interested delegations of the audio tape recording of the original statement reported in paragraph 134. This review was completed by the delegations concerned immediately following the session, with all delegations concerned agreeing that the statement reported in paragraph 134 was an accurate report of the original statement as recorded on the audio tape.