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(PCT UNION)**

**COMMITTEE ON REFORM
OF THE PATENT COOPERATION TREATY (PCT)**

**First Session
Geneva, May 21 to 25, 2001**

REFORM OF THE PCT: PROPOSALS BY
THE BRAZILIAN ASSOCIATION OF INDUSTRIAL PROPERTY AGENTS (ABAPI)
AND THE BRAZILIAN ASSOCIATION OF INTELLECTUAL PROPERTY (ABPI)

Document prepared by the International Bureau

1. The proposals appearing on the following pages were made by the Brazilian Association of Industrial Property Agents (ABAPI) and the Brazilian Association of Intellectual Property (ABPI) in a submission to the International Bureau received on May 12, 2001. Background information appears in document PCT/R/1/2.¹

2. *The Committee is invited to consider the proposals contained in this document.*

¹ The working documents for the Committee's session are available on WIPO's web site at the following address: http://www.wipo.int/pct/en/reform/index_1.htm

PROPOSALS BY
THE BRAZILIAN ASSOCIATION OF INDUSTRIAL PROPERTY AGENTS (ABAPI)
AND THE BRAZILIAN ASSOCIATION OF INTELLECTUAL PROPERTY (ABPI)

The Brazilian Association of Industrial Property Agents (ABAPI) and the Brazilian Association of Intellectual Property (ABPI) offer the following comments on document PCT/R/1/2 of March 23, 2001, on the Reform of the PCT: Proposals by the United States of America.

Our associations welcome and generally support the first stage of the United States Proposal for the Reform of the PCT, in particular the following proposals: (1) elimination of the concept of designations, (2) elimination of all residency and nationality requirements, (3) conform filing date requirements to those in the PLT, (4) conform “missing part”-type requirements to PLT procedures (6) elimination of 20-month deadline for entry into national stage, (7) elimination of the concept of demands (9) combination of search and examination. Nevertheless, we offer our comments on the following aspects:

I – COMMENTS ON THE FIRST STAGE

(i) *Composition of the Reform body*

We are in agreement with the opinion expressed by Australia (PCT/R/1/8 of April 9, 2001), in the sense that a wide participation of Contracting Parties should be favored, rather than assigning the task to a limited committee.

(ii) *Availability of multiple searches and examinations*

If this proposal is accepted, we would favor a collection and compilation of separate search reports to be performed simultaneously by different authorities. This solution would seem to prevent delays, and precludes the need of substantial changes in the manner in which each International Searching Authority (ISA) operates. However, we forecast difficulties for the authority in charge of compiling the different search reports due to redundancies and different languages and we are unaware as to how the International Preliminary Examining Authority (IPEA) in charge of examining an application will deal with documents in several different languages, and thus if effectiveness in examination will actually reflect the improvement in the search result. We suggest further studying the feasibility of the multiple search proposal, and to determine if the actual degree of improvement that this proposal will bring to international examination is enough as to justify the increased complexity.

(iii) *Further deferrals for entry into national phases*

Although still subject to further discussion, we disagree with the provision of further substantial deferrals of national stage entry beyond the existing 30-month time limit, in view of the uncertainty, which would be caused mainly in developing countries, where most of the PCT applications do not enter the national phase. In such cases, nationals would need to wait even longer only to confirm that a national application was not entered into this country.

As an alternative to this proposal, we would suggest maintaining the existing 30-month term for an international application to enter a national phase, however providing for a continued prosecution in the international phase, if desired by the applicant, beyond that term, while also providing for the possibility to withhold substantive examination in the national phases, until a final examination report is issued by the IPEA. This would allow national offices to initiate formal steps which precede substantive examination, such as notifying entry into national phase for the knowledge of interest parties, without further delays.

Furthermore, in order to allow third parties to be informed about the entry into the national phase of a certain application without great delays, we would suggest establishing a time limit for the national office and/or WIPO to make this communication.

Other proposals:

(iv) *Interference by third parties*

We support the proposal made by The Netherlands (PCT/R/1/3 of March 23, 2001) and France (PCT/R/1/7 of April 9, 2001) as to allowing third parties to interfere during the international stage, as a manner of improving the quality of the International Preliminary Examination Report (IPER), upon consideration of documents and comments that would not otherwise be taken into account by the international examiner.

(v) *Division of PCT applications*

We also support the proposal made by The Netherlands as to allowing the applicant to divide his application during the international stage, at least when the IPEA expresses its view that the application lacks unity of invention.

(vi) *Complexity due to mutual references between PLT and PCT*

The proposed reform aims at the simplification of the PCT, while it does not address the complexity, which results from the current multiple references contained in the PLT to the PCT, and to possible references to be made in the PCT to the PLT as a result of the reforms. We suggest again discussing the possibility to combine PCT and PLT into a single agreement, as suggested by the USA a few years ago.

II – COMMENTS ON THE SECOND STAGE

We generally express our concern with respect to the second stage.

The present PCT system in which only few offices are recognized as an IPEA is not only acceptable but mostly welcome, inasmuch as the International Search Report (ISR), and the IPER are not binding as to their conclusions, and any national authority is free to revise, supplement or disagree with the results of the international examination. We also refer to the comments made by Australia (PCT/R/1/8 of April 9, 2001), in the sense that the current non-binding IPER already avoids redundancies in substantial extent, as far as examiners often rely on such documents during examination in the national level, which is also true for Brazil. A sample statistic reveals that less than 5% of the PCT applications entering the Brazilian

national phase suffer objections of substantive nature (unfavorable opinions), while only approximately one third is subject to formal requirements (office actions).

Amending the PCT to provide binding effects to a favorable IPER raises, in our opinion, the following issues, besides the obvious issue of sovereignty:

(i) *Paris Convention*

The proposal is contrary to the spirit of Article 4bis(1) of the Paris Convention as far as patents applied for in the various countries of the Union shall be independent of patents obtained for the same invention in other countries.

(ii) *Lack of reciprocity*

As long as only a few offices will perform the international examination, national offices such as the Brazilian INPI will face the obligation to accept the result of an examination performed, e.g., by the EPO or the USPTO. However, since the opposite will not be true, the proposal will be conducive to an unbalanced system, in which national offices will be simply required to accept examination originating from the appointed offices.

(iii) *Concentration*

Obviously, the suggested alteration will cause a concentration of examination activities in the trilateral offices, from which most of the PCT applications originate. An additional concentration can occur, because applicants from other countries may choose to file a first application in one of the IPEAs, instead of filing in his own country, since an opinion issued by his national office will not have the same binding effect. This concentration will lead to a decrease in the activities in national offices aside the trilateral offices.

(iv) *Negative influence of an unfavorable opinion*

It seems reasonable to expect that if a national office becomes obliged to accept a *favorable* opinion issued by an IPEA, it will also become more difficult to convince a national examiner to diverge from an *unfavorable* opinion issued by the IPEA. Giving binding effects to a favorable opinion brings the implicit concept that the national offices are to accept that an examiner of an IPEA is someone with such a degree of expertise, that its opinion shall not be questioned. However, once this concept is accepted, it applies either to a favorable or to an unfavorable opinion. Thus an applicant receiving an unfavorable opinion from an international examiner can be faced with severe difficulties to overcome this opinion in national stages. The risk exists that the situation will be polarized, and that an applicant will either obtain patents in all territories of interest or in none of them.

(v) *Variable quality of international examination*

Unfortunately, one issue that cannot be disregarded in this discussion resides in that the quality of examination being presently performed by examiners in the international PCT phase is far from uniform. Members of our association have experienced some poor results in international examinations, either in view of incomplete searches or because of poor grounds on technical opinions. Presently, a poor international report can be overcome in each national phase without an unbearable effort, but with the new proposals it may become more difficult

to correct this situation, as reported in the previous paragraph. Besides, we subscribe to the comments made by the United Kingdom (PCT/R/1/9 of April 9, 2001) in the sense that we must ensure a [standing] high quality and timely service for users of the PCT system. We believe this goal should be sought immediately, even before any possible alterations to be brought by the reform.

(vi) *Incompleteness of search results*

At least in the near future it seems to be unthinkable to provide each of the IPEAs with a complete collection or database of patent applications from all Contracting States of the PCT, not to speak about non-patent documents. Thus, an opinion issued by an IPEA is condemned to be detrimental to prior art available at a certain national office, which consideration can be vital to determine the appropriate scope of a patent, and which can thus be subject to be declared null at any time when the patent needs to be enforced.

(vii) *The issue of the genetic resources, traditional knowledge and folklore*

Still in connection with the previous item, traditional knowledge and folklore is often not available in written form, and information on the rich genetic resources of countries such as Brazil is often also related to traditional knowledge or registered only in native language. Allowing the present IPEAs to issue binding decisions to all contracting states as to novelty and inventive step will prevent local authorities from stopping the issuance of patents e.g. to the use of a plant, which is well known to a certain ethnic group. The well known Ayahuasca Patent Case (U.S. Plant Patent No. 5,751, the “Da Vine Patent”, issued June 17, 1986) is a good example.

(viii) *Lack of uniformity in examination*

It is also evident for those filing internationally, that not only the substantive patentability requirements vary from country to country, even among the trilateral offices, but also the manner in which the same concepts – such as inventive step – are interpreted and applied differently. While the lack of harmonization as to the substantive law can be overcome in great extent by the conclusion of the substantive part of the PLT, the lack of uniformity as to interpretation is more difficult to eliminate. Subjective concepts such as inventiveness can be influenced by culture or philosophical considerations. If all offices are to accept a favorable opinion issued by any of the IPEAs, a tendency may be created among applicants to seek examination by that one office which shows to be the most lenient, causing a still stronger concentration and the issuance of patents with questionable validity.

(ix) *Disincentive to non-contracting countries*

Countries, which are still considering joining the PCT, such as most of the Latin-American countries, will probably be discouraged by the proposal of a binding international opinion. This concern was expressed in a PCT seminar in Buenos Aires (Seminario Regional sobre el Tratado de Cooperación en Materia de Patentes, OMPI/OEPM/INPI, Buenos Aires, 1998).

III – GENERAL COMMENTS ON PATENT COSTS

As far as the issue of reduction of costs for applicants is concerned, an important source of unnecessary costs is being neglected in the present discussions and on the PLT: the retention by governmental authorities of sometimes incorrectly denominated ‘office’s surpluses’, which issue was already subject of a resolution by FICPI condemning this practice. We must stress the importance to deal with this issue also within the context of the PCT in a manner as to prevent authorities from continuing this practice. In the first part of the PLT, as approved at the Diplomatic Conference of May-June 2000, a strong motion was placed against the maintenance of the freedom of countries to legislate upon the appointment of a local agent, because this was deemed to be a source of unnecessary costs for applicants. A provision was approved to the effect that applicants shall be entitled to perform several acts before the local offices, without the mediation of a local agent. We consider this motion to be entirely inconsistent with certain countries’ procedure, such as the USA and even Brazil, to retain part of the revenues of patent offices for purposes, which have no connection with the original intention for which the official fees were paid. Letting offices fully to administrate their revenues will allow an improvement in the quality of services and/or a reduction in the official fees, the latter being allegedly the reason for several provisions approved in the first part of the PLT.

Besides, although outside the scope of the current discussions, it is worthwhile mentioning that the destination of part of a patent office’s revenues for other purposes clearly result in that “*Procedures concerning the acquisition or maintenance of intellectual property rights*” ... become “unnecessarily” ... “costly”, in direct circumvention to TRIPS’ Art. 62(4) combined with Art. 41(2).

IV- CONCLUSIONS

Although aiming at fulfilling a desire of applicants seeking international protection in a simple and affordable manner, the current proposal for an international examination report with binding effect also brings several drawbacks for the applicants, for national offices and for local agents, who will have their activities greatly diminished. It would seem desirable:

- (a) Fully to *implement* substantive harmonization among as many countries as possible, before attempting to introduce the new proposed system. Harmonization should be effective at the level of interpretation and application of legal provisions, rather than only at the statutory level.
- (b) To assist Patent Offices of developing countries to become accredited IPEAs, in order to promote reciprocity as to mutual recognition of results of examinations performed in that countries.
- (c) To preserve a certain degree of local activity, e.g. upon providing for a limited period after entry into the national phase for a local search to be performed, and for interested parties to submit comments and/or documents. If besides the documents already considered in the international phase no additional relevant prior art is uncovered by the national office during this limited period, the patent would be allowed. Otherwise an examination would be continued with no fixed time limit (this would very likely affect a minority of applications).

(d) To provide an equitable solution for the protection of genetic resources, traditional knowledge and folklore, as far as patents are concerned.

(e) Expressly to prevent governmental authorities from retaining part of office's revenues for other purposes.

As a final comment, it should be stressed that obtaining exclusive rights in a certain territory brings economical benefits to a patent owner, and that – even if in a lower level than today – it should expect to bear the necessary costs. Any system that ends up in an absolute concentration of income and employment in the most developed countries, while also resulting in patent protection for other countries creates an undesirable imbalance in the system.

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