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WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

INTERNATIONAL PATENT COOPERATION UNION
(PCT UNION)

ASSEMBLY

Thirtieth (13th Ordinary) Session
Geneva, September 24 to October 3, 2001

REFORM OF THE PATENT COOPERATION TREATY

Memorandum prepared by the Director General

1. The PCT Assembly, at its 29th (17th extraordinary) session held in Geneva from September 25 to October 3, 2000, considered certain proposals for reform of the PCT submitted by the United States of America (see document PCT/A/29/3).

2. The Assembly decided (see document PCT/A/29/4, paragraphs 51 and 58):

“(i) that a special body would be set up to consider, as a first step, proposals for reform of the PCT that would pursue the same objectives as those defined under the title “The First Stage of Reform” of the Annex to document PCT/A/29/3. These proposals may be those contained in the Annex and/or in any other submission made to the International Bureau, if possible, before the end of January 2001¹;

“(ii) that the special body would consist of Member States, the International Searching and Preliminary Examining Authorities and observers, in particular, intergovernmental and non-governmental organizations, including the European Commission;

¹ The Director General, after consultation with Member States, later invited proposals by March 31, 2001.

“(iii) that the Director General would designate the members of the special body in consultation with Member States, taking due consideration of the need for geographical balance;

“(iv) that the special body would report to the September 2001 session of the Assembly of the PCT Union, which would also include its recommendations to that Assembly for proposals to be considered as part of the first step;

“(v) that the special body would proceed with diligence in completing the first step and in addressing other key issues, subject to the same procedure as that agreed for the first step.”

3. Pursuant to the Assembly’s decision, the Director General convened the first session of the Committee on Reform of the Patent Cooperation Treaty (PCT), which was held in Geneva from May 21 to 25, 2001. The main items on the agenda of the Committee’s session were “Consideration of proposals for reform of the PCT” and “Further work.” The report adopted by the Committee is contained in document PCT/R/1/26 and is reproduced in the Attachment to this document.

4. The Committee agreed that reform of the PCT should be based on a number of general objectives set out in paragraph 66 of the report.

5. In addition, the Committee agreed on recommendations to the Assembly concerning the establishment of a working group (see paragraphs 67 and 68 of the report) and concerning the referral to the working group, for its consideration and advice, of the following matters:

- the concept and operation of the designation system (see paragraph 69 of the report);
- improved coordination of international search and international preliminary examination and the time limit for entering the national phase (see paragraphs 70 and 71 of the report);
- conform filing date requirements to those in the PLT (see paragraph 72 of the report);
- conform “missing part”-type requirements to PLT procedure (see paragraph 73 of the report);
- other PLT-consistent changes (see paragraph 74 of the report);
- general simplification and streamlining (including reduction/elimination of formalities review or handling of applications, electronic international publication, electronic transmission of search/examination results, as well as other proposals for simplified and streamlined formalities and procedures which might be put to the working group by the International Bureau) (see paragraph 75 of the report).

6. The Committee also agreed on recommendations to the Assembly concerning the work program of the Committee and the working group between the September 2001 and September 2002 sessions of the Assembly (see paragraph 205 of the report).

7. The report also contains a record of the general discussion (see paragraphs 13 to 65 of the report), and a record of the discussions on certain matters that were not recommended to be referred to the working group but would be open for reconsideration at a future session of the Committee (see paragraphs 68, last sentence, and 76 to 199 of the report).

8. *The Assembly is invited:*

(i) to note the report of the first session of the Committee on Reform of the PCT contained in document PCT/R/1/26 and reproduced in the Attachment to this document;

(ii) to approve the Committee's recommendations concerning the establishment of a working group, the matters to be referred to the working group, and the work program of the Committee and the working group between the September 2001 and September 2002 sessions of the Assembly, as set out, respectively, in paragraphs 67 and 68, 69 to 75, and 205 of the Committee's report.

[Annex follows]

ANNEX

REPORT

(WIPO document PCT/R/1/26)

INTRODUCTION

1. The first session of the Committee on Reform of the Patent Cooperation Treaty (PCT) (hereinafter referred to as “the Committee”) was held in Geneva from May 21 to 25, 2001.
2. The following members of the Committee were represented at the session: (i) the following member States of the International Patent Cooperation Union (PCT Union): Australia, Austria, Azerbaijan, Belarus, Belgium, Brazil, Bulgaria, Cameroon, Canada, China, Colombia, Congo, Croatia, Cuba, Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Ghana, Hungary, Indonesia, Israel, Italy, Japan, Kenya, Latvia, Lithuania, Madagascar, Mexico, Mongolia, Morocco, Netherlands, Niger, Norway, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Singapore, Slovakia, Slovenia, South Africa, Spain, Sudan, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, Turkey, Turkmenistan, Ukraine, United Kingdom, United States of America, Uzbekistan (58); (ii) the European Patent Office.
3. The following member States of the International Union for the Protection of Industrial Property (Paris Union), participated in the session as observers: Argentina, Democratic Republic of the Congo, Dominican Republic, Egypt, Honduras, Iran (Islamic Republic of), Peru, Rwanda, Venezuela (9).
4. The following intergovernmental organizations were represented by observers: African Intellectual Property Organization (OAPI), African Regional Industrial Property Organization (ARIPO), Eurasian Patent Organization (EAPO), European Commission (EC) (4).
5. The following international non-governmental organizations were represented by observers: Asian Patent Attorneys Association (APAA), Institute of Professional Representatives Before the European Patent Office (EPI), Inter-American Association of Industrial Property (ASIPI), International Association for the Protection of Industrial Property (AIPPI), International Federation of Industrial Property Attorneys (FICPI), International Federation of Inventors’ Associations (IFIA) (6).
6. The following national non-governmental organizations were represented by observers: American Intellectual Property Law Association (AIPLA), Brazilian Association of Industrial Property (ABPI), Brazilian Association of Industrial Property Agents (ABAPI), Intellectual Property Institute of Canada (IPIC), Japan Intellectual Property Association (JIPA), Japan Patent Attorneys Association (JPAA) (6).
7. The list of participants is contained in the Annex to this report.*
8. The agenda is contained in document PCT/R/1/1.

* Available as Annex to document PCT/R/1/26

OPENING OF THE SESSION

9. The Director General, in opening the session and welcoming the participants, noted that the Committee was meeting to take a fresh look at the PCT at a time when there was a prevailing dynamism for improving systems for obtaining patents internationally, noting in particular the recently concluded Patent Law Treaty (PLT) and the current discussions in the Standing Committee on the Law of Patents (SCP) with a view to achieving greater international harmonization of the substantive aspects of patent laws. The remarkable success of the PCT in terms of the number of applications filed (nearly 91,000 in 2000) and the number of member States (112, including the recent ratification by the Philippines on May 17, 2001) had led to difficulties for International Searching and International Preliminary Examining Authorities in meeting the demand for their services. The Director General emphasized that he was confident that member States, users and patent Offices could look forward to a simpler and more effective PCT which would play an improved role in the international patent system.

ELECTION OF A CHAIR AND TWO VICE-CHAIRS

10. The session unanimously elected Mr. Jorge Amigo Castañeda (Mexico) as Chair and Mr. Jørgen Smith (Norway) and Mrs. Margit Sümeghy (Hungary) as Vice-Chairs.

CONSIDERATION OF PROPOSALS FOR REFORM OF THE PCT

11. Discussions were based on the following documents¹:

PCT/R/1/2	Proposals by the United States of America
PCT/R/1/3	Proposals by the Netherlands
PCT/R/1/4	Proposals by Cuba
PCT/R/1/5 Rev.1	Proposals by the Republic of Korea
PCT/R/1/6	Proposals by the Czech Republic
PCT/R/1/7	Proposals by France
PCT/R/1/8	Proposals by Australia
PCT/R/1/9	Proposals by the United Kingdom
PCT/R/1/10	Proposals by Denmark
PCT/R/1/11	Proposals by Turkey
PCT/R/1/12	Proposals by Japan
PCT/R/1/13	Proposals by Switzerland
PCT/R/1/14	Proposals by India
PCT/R/1/15	Proposals by the International Federation of Industrial Property Attorneys (FICPI)
PCT/R/1/16	Proposals by Austria
PCT/R/1/17	Proposals by Israel
PCT/R/1/18	Proposals by Canada
PCT/R/1/19	Proposals by the Inter-American Association of Industrial Property (ASIPI)
PCT/R/1/20	Proposals by the European Patent Office (EPO)

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.

PCT/R/1/21	Proposals by the Brazilian Association of Industrial Property Agents (ABAPI) and the Brazilian Association of Intellectual Property (ABPI)
PCT/R/1/22	Proposals by Spain
PCT/R/1/23	Submissions and Resolutions by Certain Non-Governmental Organizations Concerning Electronic Filing of Patent Applications
PCT/R/1/24	Proposals by Slovakia
PCT/R/1/25	Proposals by the International Federation of Inventors' Associations (IFIA)

12. In the absence of the Chair (Mr. Amigo Castañeda), the session was partly chaired by one of the Vice-Chairs (Mr. Smith) (references in this report to the Chair include references to the Vice-Chair acting as Chair).

General discussion

13. The Delegation of the Netherlands welcomed the initiative of the United States of America in making proposals for possible reform of the PCT. The first question that required attention was the aim of this reform. In particular, should the reform concentrate on today's most urgent problems and seek *ad hoc* solutions for them, or should it try to solve those urgent problems by looking at them from a broader perspective, in the context of a long-term goal guiding the decisions to be taken? Concerning the direction in which to move, the Delegation started its analysis with a complaint often heard in connection with the PCT, namely, that it was complex. Compared with the patent legislation in the Netherlands, the PCT Regulations² contained far more details. The Netherlands legislation set out some relatively broad lines and then relied on jurisprudence to fill in the details. However, the PCT operated on a worldwide basis and there was not sufficient common jurisprudence on such a basis. Accordingly, the first conclusion of the Delegation was that, unless there was further harmonization of laws and the interpretation thereof, the PCT would stay a detailed and, therefore, complex system. The Delegation therefore fully agreed with the comment made by Australia in document PCT/R/1/8 that the future of the PCT was closely tied to developments on harmonization.

14. The Delegation of the Netherlands further noted that, since the Patent Law Treaty had been concluded, many parties had expressed the clear wish to go beyond the area of formal requirements and explore the possibility of harmonization in the area of substantive patent law. The Delegation also noted the vast improvement in electronic means of communication on a worldwide scale, which starts to create a sense of the existence of a global community. In view of this, the final goal that the Delegation would like to see achieved during the reform of the PCT was that the procedures under the Treaty would result in the applicant obtaining a patent accepted by all the cooperating Contracting States. The Delegation believed that, in all likelihood, more than two stages of reform would be needed to achieve this goal. In the view of the Delegation, the Committee should adopt a step-by-step approach noting, however, that some of the relevant discussions would take place outside the framework of the PCT. The

² References in this document to "Articles" and "Rules" are, respectively, to those of the Patent Cooperation Treaty (PCT) and of the Regulations under the PCT ("the Regulations"). The current texts are available on WIPO's web site at <http://www.wipo.int/pct/eng/texts/index.htm>. References in this document to "PLT Articles" are to those of the Patent Law Treaty (PLT) concluded on June 2, 2000 (document PT/DC/47 – see WIPO's web site at http://www.wipo.int/eng/document/pt_dc/index.htm).

result of discussions in the Standing Committee on the Law of Patents (SCP) should be integrated whenever possible.

15. As to the general conditions of implementation, the Delegation of the Netherlands fully agreed with the statement made by Canada in its written comments (in document PCT/R/1/18) that adaptation of the PCT system over the years by changes to the Regulations had resulted in an overly complex set of Rules which, at times, appeared inconsistent with the Treaty. The Delegation also fully agreed with Canada that any significant reform of the PCT, even at the first stage, required simplification of the Treaty itself. The Delegation was prepared to discuss a revision of the Treaty under Article 60, rather than rely only on modification of time limits under Article 47. Also, in the context of revising the Treaty, the opportunity should be taken to remedy various more minor matters. The interests of third parties should be kept in mind, noting that, currently, there was little room for third parties to intervene in the international phase. The Delegation recalled that, in 1964, the Netherlands had introduced a deferred examination system under which both the applicant and third parties could file a request for search and/or examination.

16. The Delegation of the United States of America recalled that, over the last several years, the United States of America had been intensely interested in reforming the PCT to simplify both the Articles and the Regulations and to streamline filing and processing procedures for users, patent Offices and the International Bureau. To that end, it had sent a proposal for PCT reform to the International Bureau for consideration by the PCT Assembly at its meeting in September 2000 (the proposal, originally made in document PCT/A/29/3, was reproduced in document PCT/R/1/2). That proposal was the result of formal and informal discussions with other patent Offices, including the Japan Patent Office and the European Patent Office, with WIPO officials and with PCT users in the United States of America. The proposal set forth in the document had evolved over the course of about two years. That proposal and, indeed, all of the proposals and comments that the Committee would consider during this session should not be viewed in a vacuum. PCT reform must be viewed as part of wider, more coordinated, effort to facilitate the ability of inventors and applicants to obtain patents throughout the world.

17. The Delegation of the United States of America acknowledged that, in its present form, the PCT system worked well for many users. Nevertheless, there was always room for improvement and, when viewed in the context of other reform efforts, the case for PCT reform became clearer. The inevitability of reform may be seen from the following observations. First, a positive correlation existed between strong patent protection and economic development – the United States of America had conducted research in 1998 that revealed a strong and positive relationship between the level of respect accorded to intellectual property in a given country and the economic development of that country. Second, patent filing had been steadily increasing throughout the world. This was true not only for the PCT system; national Offices had also experienced significant filing increases. It was almost to the point where some national and regional Offices were being overwhelmed by filings. To cope with increasing workload, additional examiners needed to be hired. This represented a kind of internal “brain drain,” as a result of which talented engineers and scientists had to be diverted to perform the very important, but essentially bureaucratic, task of examining patent applications. In 1980, the United States Patent and Trademark Office had about 900 examiners; now it had 3000 examiners. Nevertheless, the pendency time continued to grow. Such increases could not continue to be sustained. Third, as regards costs, various private sector groups had, in recent years, held a number of cost reduction symposia. Users of all patent systems were pleading for relief. It was necessary to strive for a situation where the costs of patent protection became negligible, so that the resources of

individuals and companies could be focused on what they did best. Those groups had been calling for cost reductions, streamlining and simplification. The Committee should not ignore their concerns. Fourth, duplication of effort among patent Offices was well documented. With about 45% of patent applications filed in the United States of America being of foreign origin, and about one half of US-origin applications being also filed abroad, about three quarters of what was done in the examination process in the United States of America was repeated elsewhere at some point in time. This state of affairs made no sense. Fifth, as regards electronic filing, processing and communication efficiencies, it was to be hoped that the benefits of these efforts, in terms of sharing information and streamlining processing, would be reaped by all concerned.

18. Against this backdrop of a genuine need for reform, the Delegation of the United States of America saw a need to coordinate PCT reform with other reform efforts that had been completed or were under way. A few milestones worth noting were: the Paris Convention concluded in 1883; the current Patent Cooperation Treaty in 1970; regional arrangements in place in the framework of the European Patent Convention, the Eurasian Patent Convention, the African Regional Industrial Property Organization and the African Intellectual Property Organization; and, finally, the recently concluded PLT which incorporated many of the PCT formality requirements. Other ongoing efforts that fitted in with PCT reform were: further convergence of national and international practices, substantive patent law harmonization through the work of the SCP, work sharing, and a “global patent” (however that might eventually manifest itself). All of this made the case for PCT reform, not for the sake of reform of the PCT itself, but as part of a broader effort to rationalize and improve the worldwide patent system. To that end, the Delegation looked forward to a full discussion of all of the proposals before the Committee, including proposals to change not only the PCT Regulations but also proposals to reform the PCT Articles. It also looked forward to future meetings of this Committee and/or working groups to effectively and efficiently tackle the task of PCT reform.

19. The Delegation of China noted the important role that the PCT system had played in the past and observed that reform would encourage more applicants to use the Treaty. In the view of the Delegation, the following principles should be addressed in the PCT reform. First, the reform should take into account the interests of all Contracting States and enable the PCT system to be equally and conveniently used by nationals and residents of all Contracting States. Second, the PCT reform should streamline and simplify the procedures for applicants and reduce the repetition of work by the International Bureau, the International Authorities and national Offices. Third, it should take into consideration the interests of the public and third parties, while providing more convenience and benefits to applicants. Fourth, it should maintain and emphasize the advantages, fairness and convenience of the existing PCT system.

20. The Delegation of Japan stated that, in its view, the PCT system was in a crisis. Patent applications in the world had increased rapidly from about 1.7 million in 1990 to about 5.8 million in 1998. This rapid increase was mostly due to the rise in the number of applications filed by foreign residents, mainly as a result of an increase in the number of countries for which each application was filed. There were two types of domestic applications. First, there were “purely domestic applications,” which remained in the domestic area and were never filed in foreign countries. These totaled 550,000. Second, there were “internationally-oriented domestic applications,” that is, applications which were subsequently filed in foreign countries through the PCT and/or under the Paris Convention. Patent Offices throughout the world had only limited capacity to deal with the increasing number of applications. In the view of the Delegation, these facts demonstrated three needs. Firstly, there was a strong need for more efficient worldwide patent systems, as well as for

more harmonized patent systems. Secondly, there was a strong need for a reduction of the cost of filing the same application in a large number of countries. Thirdly, there was a strong need to reduce the duplication of workload in patent Offices resulting from conducting separate searches and examinations on the same application. Against this background, the Delegation wished to ask the Committee to address the proposals before it in such a way that could satisfy these three strong needs. In this sense, the Delegation considered that the international efforts for PCT reform were timely and thanked the Delegation of the United States of America for its initiative. The submissions of the Delegation of Japan on PCT reform were contained in its paper (document PCT/R/1/12) which included the same issues that were raised by the US proposals, but taken up in a different perspective in the light of the three strong needs mentioned earlier. In the view of the Delegation, the PCT reform should be viewed from the following perspective: first, reduction of workload and costs in the procedures of International Searching Authorities and International Preliminary Examining Authorities; second, reduction of workload and costs in the procedures of designated and elected Offices; third, enhanced user-convenience and user-friendliness. Finally, promotion of worldwide usage of the PCT system. The Delegation believed that these perspectives were consistent with, and complementary to, the objectives of the US proposals for the first stage of reform, as well as for the second stage. Accordingly, the Delegation strongly supported the thrust of the US proposals for the PCT reform. It was in favor of many of the specific items of the US proposals, if not all of them. The Delegation's detailed comments on the US proposals could be found in document PCT/R/1/12. That paper also contained further proposals. First, it proposed the elimination of Article 64(4) in the light of simplification and user-friendliness. Second, it proposed a deferred time limit for the submission of translations in the light of user-friendliness.

21. The Delegation of Slovakia expressed its full support for the Assembly's decision to institute a reform of the PCT, and outlined certain specific comments as set out in document PCT/R/1/24.

22. The Delegation of Hungary expressed its appreciation for the initiative of the United States of America and welcomed the possibility of participating in the reform process. The Delegation observed that the PCT was considered, even by its creators, as a compromise, but after more than three decades it seemed natural that, in changing conditions, reform had become necessary. The preliminary opinion of the Delegation was that it agreed with the main objectives of the first stage, that is, simplification of the procedure and making the system more cost-effective. However, it was not sure whether all changes proposed in the first stage were consistent with that objective. The Delegation expressed its understanding that the second stage pointed in the direction of a global patent system, and expressed the view, like other delegations, that this objective could be achieved only in close coordination with international moves towards substantive harmonization of patent laws. The Delegation agreed with the opinion of the United States of America that one of the most critical issues seemed to be the transition from the current PCT to a "PCT II" or even to a "PCT III," and expressed the view that special attention should be devoted to this issue during the discussion. The Delegation hoped that the cooperation of all interested parties would result in a meaningful reform.

23. The Delegation of the United Kingdom noted that 112 countries were now party to the PCT and observed that, as it had indicated in previous meetings, the PCT was now a truly international system. The Delegation congratulated and thanked the United States of America for its proposals, as well as the other organizations and member States of WIPO which had commented on the proposals and were seeking to take the matter forward. As noted by other delegations, the Delegation felt that the meeting was timely because of the relationship of

PCT reform to substantive patent law reform which had been the subject of a meeting of the SCP during the previous week. The Delegation stated that, as indicated by the United States of America and the Netherlands, the overall goal had to be that searches and examinations under the PCT system were recognized by all parties concerned. Only if that goal were achieved would there be a reduction in the duplication of work between the International Bureau, the receiving Offices, the International Searching and Preliminary Examining Authorities, and the national and regional Offices.

24. The Delegation of the United Kingdom noted that, of course, workload was a huge problem for the Authorities and that some of the proposals which were to be discussed stemmed particularly from the workload problem. The Delegation urged that the Committee keep the long-term goal in mind, and that short-term solutions for reducing workload should not be sought at the expense of the long-term goal of an effective international system. The Delegation noted that procedures had to be simplified for applicants and third parties alike, and that attempts had to be made to reduce the costs for applicants through such simplification and, of course, through reducing the duplication of work among the parties to the PCT. The system also had to provide and ensure high quality and timely service, especially in relation to searches and examinations, not only for the benefit of applicants but also for third parties affected by patent rights. The Delegation also stated its belief that it should be ensured that third parties were able to determine at the earliest opportunity whether a patent was likely to be granted in any particular State.

25. Noting the existence of some proposals for extending time limits, the Delegation of the United Kingdom observed that, while such proposals might be consistent with the needs of applicants, care must be taken not to simply extend time limits in a way that would merely move problems into the future rather than dealing directly with the procedures which perhaps were contributing to the delays and the workload problem presently being experienced. The Delegation stated that the patent system had to support innovation across the world and had to increase the economic and social welfare and the well-being of all of the member States of WIPO. With moves towards a substantive Patent Law Treaty and reform of the PCT, there was an opportunity to take the system one step further to achieve this much broader goal.

26. The Delegation of Australia identified several different aspects of the proposals which had been made. First, there were issues concerning simplification, particularly in relation to the current drafting of the Treaty, the complex Regulations and the complex relationships between the Rules and the Articles. Second, there were issues which related to the means for making the whole PCT system easier for applicants to use, for example, by avoiding traps and providing for extensions of time. Third, there were issues which related to making it easier for Offices, including the International Bureau, to process applications. On all those issues, it was the view of the Delegation that progress would be relatively straightforward.

27. The Delegation of Australia noted, however, that there were other issues, which perhaps would be rather more complex, in relation both to a lack of harmonization of substantive laws and to work practices of the various Offices in dealing with the prosecution of applications. It was well-recognized that one of the problems that the patent system around the world was facing was the level of duplication of work between the major Offices. The Delegation hypothesized that only about 20% of processing was original processing and that the remainder was duplicated processing. That situation imposed a huge cost burden on applicants and a huge workload on those Offices which failed, for whatever reason, to recognize work done by other Offices and Authorities. The Delegation noted that the PCT had grown in the last 20 years by between 10 and 20% per year, and reminded the Committee that with a growth rate of 20% per year, PCT workload would double over a period of four

years. The Delegation noted that delegations may have come to the meeting focused on what could be done to fix this year's and next year's problems, but that in four or five years' time, workloads would have doubled. The Delegation emphasized in relation to the PCT reform process that it was vital to maintain a long-term vision and to ensure that any reforms were based on sustainable work practices in the various Offices.

28. The Delegation of the EPO expressed its full support for what had been defined as a long-term goal of any attempt to reform the PCT – harmonization of substantive patent law – but noted, looking at the development of the PCT over the more than 20 years of its existence, that it was also necessary to be realistic. The EPO was one of the Authorities which were experiencing difficulties in keeping up with the demand under the Treaty, noting that the EPO had the highest workload in terms of international search and international preliminary examination. As a regional organization, the EPO was less and less in a position to fulfil its original task of granting European patents because it had to perform international search and preliminary examination under the PCT's strict time regime. This situation had resulted in concern for two categories of users: (i) users of the European patent system were not happy with this development, because the EPO could not deliver its services in a timely fashion under the European Patent Convention; and (ii) users of the PCT system were also not happy because of problems in the production of international search and international preliminary examination reports. The Delegation emphasized the need to look for solutions to those problems, noting that the proposals which had been tabled by the EPO were intended as short-term measures designed to address immediate problems, but that they also embodied long-term solutions in that, if the EPO was not able to do its work properly, it would not be possible to reach the long-term goals of giving good service to applicants and third parties. The Delegation urged the Committee not to neglect the so-called short-term proposals as presented, noting their importance for the EPO and for users.

29. Furthermore, the Delegation of the EPO expressed the need for more flexibility under the PCT in order to make the system more forgiving of mistakes by applicants and Offices, and in order to be in a position to adapt the whole PCT system to future needs by making it easier to amend the Treaty. This could be done, for example, by transferring provisions from the Treaty to the Regulations, thus leaving it in the hands of the PCT Assembly to modernize the system, if need be. The Delegation cited excerpts of the Preamble to the PCT, noting that these clauses were in fact very up-to-date even though they were more than 30 years old, and underlined the EPO's support for those clauses at present and in the future. The Delegation confirmed that the EPO was very much interested in a modernized PCT which enabled both the Offices which do the international search and international preliminary examination work, and others, to make the best possible use of the PCT system.

30. The Delegation of Spain stated that, while it agreed that simplifying the procedure for obtaining patent protection worldwide was an objective, this had to be associated with a superior goal, namely, legal certainty for both applicants and third parties. The Delegation felt that it was a good idea to split PCT reform into two stages. The first stage should not go beyond what had been approved as such by the PCT Assembly. The Delegation was also of the view that the reform should not go beyond the formal aspects of the procedure for filing applications; in other words, it should not encompass changes of a substantive nature. For example, deleting requirements for nationality or residence could be relevant to entitlement and therefore went beyond the formal aspects of filing applications. The Delegation was also of the view that alignment with the PLT should not be a priority if the reform was to proceed quickly, since the PLT had not yet entered into force.

31. The Delegation of Spain did not feel that it was possible to eliminate the complex nature of the PCT bearing in mind its purpose, that is, to obtain legal effect in many States whose laws were not always harmonized. The Delegation supported consideration of the question of cost, but noted that the Committee should not forget that, under the PCT, an applicant was asking for legal protection in several countries at the same time on the basis of a single application. Therefore, a balance should be struck between the desired scope of legal protection and the costs necessary to provide such protection. It was also necessary to bear in mind the interests of third parties. The objective should not be to grant patents at a minimum cost, but rather to grant patents at a reasonable cost, that is, in order to provide for the same legal certainty and the same guarantees that users of the system and third parties currently had under the existing system.

32. The Delegation of Germany expressed its gratitude to all delegations which had prepared proposals for the reform of the PCT. It found in those proposals well-elaborated ideas for further development of the PCT, many of which expressed similar views on the direction which the reform should take, so that the Committee could reach agreement on the matters to be considered at future meetings. In identifying the particular issues for reform, the Committee should consider how to achieve benefits for users of the system. Wherever possible, the Committee should try to implement reform by way of amendment of the Regulations, in order to ensure that improvements would apply to the largest possible number of Contracting States. However, the Committee should certainly identify items which would require changing the Treaty itself. The Committee should also take due account of the ongoing discussions in the SCP. The Delegation was of the view that harmonization of patent laws was required before the mutual recognition of patent grants or search reports, or a world patent, could be achieved. In the short term, there would certainly be broad agreement on the aims of simplifying the PCT procedure and of cost reduction.

33. The Delegation of France congratulated the United States of America on its initiative for reform, which was in fact commenced some time ago, even before the start of the current discussions. Such reform was all the more necessary because of the increasing burden on the Authorities responsible for international search and international preliminary examination. The Delegation shared the view that reform should benefit applicants as regards the use of the system, should reduce the cost of procedures, and should also strengthen the rights of third parties. However, as stated by the Delegation of the EPO, the Delegation believed that the Committee's approach should be a pragmatic one in order to simplify procedures for applicants as quickly as possible. The way to do this was first to review the Regulations by introducing new practices, and later to achieve a more comprehensive reform of the Treaty, which would necessarily be linked to harmonization in matters of substantive patent law which was already under way within the framework of the SCP. As in the case of the Delegations of Spain and Germany, the Delegation felt that the Committee should first establish the main objectives of the reform, which seemed to be a straightforward task, thus allowing the identification of the modifications which could be considered in the short term by amending the Regulations and of those changes that could only be implemented in the long term by a revision of the Treaty itself.

34. The Delegation of Morocco noted the remarkable success of the PCT system and its importance, particularly for developing countries. It recalled that Morocco had deposited its instrument of accession in July 1999, becoming the 104th Contracting State. Morocco had since been designated in 79,353 international applications. Upon entry into the national phase, applications would be integrated into the national database and be available on the Office's Internet site. Many activities had been undertaken for the implementation and promotion of the PCT system, such as the organization of seminars and workshops in

collaboration with WIPO in February 2000. Morocco had a particular interest in ensuring that all of the changes made to the PCT would be worthwhile, and welcomed the creation of the Committee. The reform should strengthen the PCT system, modify it for the benefit of applicants, Offices and users, and make it simpler and more comprehensible. The reform should take into consideration the PLT and should proceed in parallel with the draft Substantive Patent Law Treaty. This would contribute to convergence at a global level. In the view of the Delegation, PCT reform should focus on three main areas. First, it should simplify procedures and formalities, some procedures presently being laborious and certain provisions obscure. Such simplification would benefit applicants by making it easier to use the PCT for filing international applications, and would streamline procedures in receiving and designated Offices. The second area of focus should be a review of PCT fees to favor use of the PCT system. An overall reduction of fees would encourage use of the PCT in developing countries, especially if the current reduction of 75% were to be increased. In this respect, designation fees could be done away with if the concept of designation was eliminated. The third area was the implementation of technical assistance under Article 51 in order to enable users and Offices in developing countries to enrich their experience, to carry out their duties, and to make more effective use of the PCT system.

35. The Delegation of the Republic of Korea noted that, with the advancement of the information age and globalization, an effective PCT system was imperative to properly cope with the sharp increase in PCT applications filed in recent years. In the case of the Republic of Korea, the number of PCT applications had increased rapidly from about 900 in 1999 to about 1,600 in 2000. In 2001, the number was expected to be more than 2,500. The Delegation observed that the PCT system had played a key role not only in developing the industrial property protection system, but also in enhancing the protection of inventions worldwide. Nevertheless, the PCT system was considered to be both relatively complex and inconvenient for the applicants, as well as for International Searching Authorities, International Preliminary Examining Authorities and national Offices. The Delegation supported the objectives of the proposals by the United States of America which were aimed at simplifying and streamlining the current PCT system and conforming it to the PLT. The Delegation hoped that the Committee would, on the basis of the proposals made by the United States of America and other member States, find solutions to improve the current PCT system. In its opinion, the discussions on PCT reform had to embrace the mutual understanding of various viewpoints and to reconcile different opinions. In this regard, the Committee should ensure that the views of minority Contracting States were taken into account in order to establish an inclusive solution readily acceptable to all States.

36. The Delegation of the Republic of Korea also drew attention to its proposal regarding the translation of international applications for international publication. It explained that this proposal was to be distinguished from other proposals because it did not affect all PCT applicants or the PCT system in general, but addressed only the limited issue of responsibility for preparing such translation in respect of the few Contracting States that permitted applicants to file international applications in a language which was not a language of publication. Therefore, the Delegation suggested separating that issue from others relating to PCT reform, for the sake of more efficient discussions.

37. The Delegation of Norway stated that it welcomed the reform of the PCT in order to meet the needs of customers in an industrial and trade environment which had changed substantially since the adoption of the Treaty. Important objectives of the reform were as follows: (i) simplification and streamlining of procedures in order to reduce duplication of work and to improve quality assurance in the processing of applications; (ii) reduction and adjustment of costs; (iii) securing a proper balance between the rights of applicants and those

of third parties; (iv) conformity with the PLT; (v) development of the PCT into an important, effective and user-friendly tool in the global competitive environment of the 21st century. Noting the submissions of France and Australia on this topic, the purpose of the reform process had to be seen in conjunction with the problem which would arise if different and parallel versions of the Treaty were in force at the same time. The Delegation was of the view that no PCT member State should be excluded from taking part in the work of the Committee. However, in order to make the work of the Committee more effective, the establishment of working groups with limited participation could be considered.

38. The Delegation of Sweden welcomed the initiative on reform of the PCT. In its view, the Treaty was unnecessarily complicated in parts. Therefore, it supported the idea of streamlining procedures. In view of the increasing workload for the International Bureau, the International Authorities and the national Offices, there was also a great need to find a more effective system to better serve applicants and third parties. The issues raised in the documents before the Committee belonged to different categories. Some of the issues had been discussed earlier. The way forward might be to group items for further deliberations in various fora.

39. The Delegation of Austria noted that the PCT was a system which, since its entry into force, had been increasingly used by applicants worldwide. It pointed out that the main advantages of the PCT were, first, the opportunity for applicants to obtain, with one international application, strong national or regional patents. Second, the reduction of workload in national and regional Offices with regard to search and eventually examination should not result in short-term solutions at the expense of the international system. Third, the opportunity for the public to obtain information on technical achievements 18 months after the priority date of the application. The Delegation observed that any system, including the PCT, should be modernized from time to time. It therefore attached great importance to the reform of PCT. However, only if the International Authorities guaranteed a high quality search and examination would the grant of strong patents be possible. The Delegation proposed that the applicant should be able to decide, at the time of filing the international application, whether an international preliminary examination report was wanted. In such a case, the applicant would receive an interpretation of the search report and would be able to better estimate the value of the invention. In addition, the workload would be reduced compared with the filing of a request for examination after the expiration of 19 months from the priority date. The Delegation also considered that publication of the application 18 months after the priority date should be maintained.

40. The Delegation of Turkey noted Turkey's general interest in the PLT and the importance of the conformity of PCT with that Treaty. In this context, the Delegation suggested three proposals to simplify PCT procedures: (i) to allow international applications to be filed in any language; (ii) the period for translation of the international application into one of the publication languages of the PCT should be at least two months; and (iii) to allow the use of international application forms for entry into the national phase.

41. The Delegation of Egypt announced that Egypt was now prepared to accede to the PCT and that, with the cooperation of WIPO, Egypt would soon hold a seminar on the advantages of the PCT. The Delegation indicated that it welcomed the reform of the PCT. Since Egypt was a developing country and most of its applicants were individuals, reduction of fees and simplification of procedures were very important in the view of the Delegation.

42. The Delegation of South Africa stated that it fully supported the initiative to reform the PCT so as to make it simpler and more user-friendly, but without compromising quality. It

noted that, in its experience of only two years in the PCT system, it had encountered some problems in the implementation of certain provisions of the Treaty and Regulations. It supported the two-stage approach to the discussions proposed by some delegations, namely, short-term and long-term.

43. The Delegation of Colombia indicated that, when considering accession, Colombia had assessed not only the provisions but also the benefits of the PCT for both Colombians and foreign nationals. Of particular importance was the cooperation in search and examination and also publication of technical information contained in international applications. The PCT did not provide for the grant of international patents; the task of granting patents was within the exclusive competence of national patent Offices before which protection was sought. The Delegation noted that the PCT harmonized formalities but did not prescribe the requirements for patentability. In its view, providing for the grant of patents under the PCT would be contrary to PCT Articles 1(2) and 27(5), as well as Article 4 of the Paris Convention for the Protection of Industrial Property. However, the Delegation was in favor of proposals for the harmonization and simplification of procedures under the PCT.

44. The Delegation of Italy expressed its hopes for a positive outcome of the proposed PCT reform and thanked all delegations which had contributed documents and proposals, in respect of which it would provide comments during the meeting.

45. The Delegation of Kenya expressed support for other delegations in the general view that reform of the PCT was required. It further supported the view of some delegations that PCT procedures were generally complex and that simplification was required. Likewise, fee reductions should be available to applicants and users.

46. The Delegation of the Russian Federation welcomed the reform of the PCT and indicated its agreement with the declared goals and the two-stage approach. The Delegation emphasized the following two aspects of the PCT reform. The first aspect was the observance of the balance of interests of the different parties involved in, or affected by, the reform. In particular: (i) the reform should be to the benefit of most Offices, large, medium and small, in both industrialized and developing countries; (ii) the balance of interests should be maintained between applicants and patent Offices acting in their various capacities; (iii) the balance of interests between applicants and third parties should be maintained and improved. The second aspect was how the reform should be pursued in order to achieve better and more effective results. The Delegation favored preparing and implementing the reform as a package, rather than in a piecemeal fashion. In the first stage, two packages could be prepared: (i) those proposals which could be dealt with by the PCT Assembly without convening a Diplomatic Conference; and (ii) short-term proposals to be submitted to a Diplomatic Conference. In the second phase, the reform could cover long-term initiatives relating to the harmonization of patent laws which was being studied by the SCP.

47. The Delegation of Israel stated that it supported the view of the United States of America that the PCT system should be reformed. In its view, the main considerations that should be taken into account were: (i) consistency with the PLT; (ii) simplification of procedures; and (iii) reduction of duplication of work throughout the international and the national phases. Taking into consideration the rapidly increasing workload on receiving Offices worldwide – for example, this year Israel had received 57% more international applications than last year – the Delegation stated that these aspects of reform should be undertaken as soon as possible.

48. The Delegation of Niger recognized the undeniable success of the PCT, which represented considerable progress for applicants, including those from developing countries, while noting that there were still many imperfections in the PCT system. The Delegation therefore welcomed the reform, which should be considered from the point of view of all users. The Delegation emphasized that it would not support a system of reform which ignored the interests of developing countries.

49. The Delegation of the Sudan stated that it very much welcomed the PCT reform and generally supported the various views expressed by the other Delegations, both on paper and in their general statements. The Delegation noted that Sudan had joined the PCT as long ago as 1984. It stated that, although the PCT was a success story, recent developments should also be taken into consideration, and a balance needed to be struck between those developments and the interests of all users of the PCT system. The Delegation was of the view that, to make the system more user-friendly, the reform should focus on the following points: (i) reduction of fees, as this was a major concern of inventors, particularly those from developing countries; (ii) simplification of procedures; (iii) reduction of the volume of work for receiving Offices, applicants, the International Bureau and the national and regional Offices; (iv) reduction of the time taken for search and examination.

50. The Delegation of Canada stated that it considered it very desirable to proceed as quickly as possible to make concrete, practical reforms to the PCT system. In particular, it would support a first stage of reform having, as its focus, the simplification and streamlining of the system, helping Offices to handle increasing workloads, removing pitfalls and reducing costs for users, and conforming the PCT to the PLT. The Delegation recalled that it had set out its preliminary views on many issues in document PCT/R/1/5.

51. The Delegation of Ukraine, taking into account progress in information technology, which would eventually lead to simplification and streamlining of procedures in different spheres, including PCT procedures, expressed its full support for most of the proposals made by the Delegations of the United States of America and other States.

52. The Representative of OAPI observed that the PCT had been very successful and expressed its thanks to the International Bureau for the assistance that it had provided. The Representative expressed the hope that inventors from OAPI member States would be able to extend the areas of protection for their inventions by obtaining patents abroad. He supported the amendment of the Treaty and its implementing Regulations to simplify procedures and make provisions clearer. The Representative observed that the PCT was sometimes difficult to use because of its complex wording and was not always easy for Offices or the courts to understand. It was therefore very important that PCT provisions should be clear, concise and easy to exploit. The Representative commented that international arrangements must offer a certain amount of stability, and noted that each member State of OAPI had its own obligations in the framework of international conventions, for example, the TRIPS Agreement. The Representative would prefer to reform the PCT on the basis of finding solutions to common problems. Also, noting that one of the goals of the patent system was technology transfer, the interests of States should be taken into account in addition to the interests of applicants.

53. The Representative of ARIPO expressed its support for the comments made by the Representative of OAPI, and stated that it welcomed some of the proposals for reform of the PCT. The Representative of ARIPO noted that the PCT was a very complicated and expensive system, particularly for developing countries. He proposed that PCT reform should be linked to the harmonization of substantive patent laws, and should take into consideration the problems of users in both developing and developed countries.

54. The Representative of the EAPO welcomed reform of the PCT, expressing its support for the basic aims of the reform proposed by the United States of America, including simplification and streamlining of PCT procedures and reduction of fees.

55. The Representative of AIPPI, also speaking on behalf of AIPLA, FICPI and the Intellectual Property Owners Association (IPO) (see document PCT/R/1/23), noted that discussions on the harmonization of patent laws had entered the era of electronic filing. Applicants and their representatives should not be faced with a situation in which some larger patent Offices, as well as some smaller Offices and the International Bureau, were developing electronic filing systems which were not mutually compatible. Were that to occur, the result would be that applicants and representatives would be required to invest in multiple systems. The Representative stated that electronic filing should also enable ready communication and data exchange between the various Offices. He also observed that it would be very difficult, or even impossible, at a later stage to change the different systems for electronic filing and processing in order to make them compatible with each other. The existence of several systems could also lead to mistakes with consequent loss of rights. In contrast, a common standard would simplify the use of electronic filing and improve the possibilities for Offices to communicate with one another. The Representative expressed the view that an important task for the International Bureau was to play the leading role in organizing the development of a common standard. Clients of patent Offices would not understand why Offices would introduce electronic filing in such a way that completely different systems would have to be used in dealing with different Offices.

56. The Representative of AIPLA recalled that his organization had been very supportive of the PCT through the years and expressed his support in principle for reform of the system along the following lines: (i) any reform of the PCT should address goals of reduced complexity, reduced overall costs, effective searching and preliminary examination, clarity of results for users and the public, and flexibility as to techniques and procedures that future patent systems worldwide might provide; (ii) any reform of the PCT should reflect the increasing desire by users for procedural harmonization and establish a framework within which substantive harmonization of patent laws was possible; (iii) the reform should take into account the interests of both PCT applicants and the public, including competitors of applicants who needed information from documents generated during the PCT procedure; (iv) the proposals for reform needed careful study for consistency, clarity and comprehensiveness; (v) any reform of the PCT should be undertaken only after a full examination of the effects of the changes on users, the public and other treaties, including the Patent Law Treaty and the draft Substantive Patent Law Treaty. The Representative noted that those persons who had benefited from the existence of the PCT desired that it continue to serve the interests of applicants and the public in all Contracting States.

57. The Representative of EPI stated that, since significantly more than 50% of all European patent applications were now filed through the PCT system, European patent attorneys in private practice, as well as in industry, considered that the PCT was of about the same importance to them as the European Patent Convention. Given that the high number of PCT Contracting States in itself was a very positive fact, the Representative expressed the view that the amendment of the PCT Articles, which would require a Diplomatic Conference followed by the necessary parliamentary approvals and ratifications, should only be undertaken where absolutely necessary. EPI believed that the PCT system could be significantly improved by modifying the time limits in some PCT Articles, by amending the implementing Regulations, by decisions of the PCT Assembly, by modifying the

Administrative Instructions, and by adopting optional protocols that could enter into force for those PCT Contracting States which decided to accede to them.

58. The Representative of IFIA stated that his organization considered the first stage should expedite a limited number of reforms on which consensus could be reached without great difficulty. IFIA would only comment in this meeting on three of the changes proposed by the United States of America. IFIA's comments were set out in document PCT/R/1/25. In particular, the Representative noted that independent inventors and small and medium-sized enterprises represented a very large sector of the inventive activity in any country, and stated that an appropriate method of work should be adopted by the Committee to allow the views of those potential PCT applicants to be heard. The proposal to establish a working group would disadvantage IFIA since it could not afford to participate. Such a working group could be very useful, but should perhaps be established at a later stage when there was agreement on questions of principle and it could play a role in drafting. The Representative also stated that inventors and small and medium-sized enterprises did not wish to wait seven or eight years for the first PCT reforms, because the reduction of PCT fees was a priority. Accordingly, IFIA would prefer to see a more rapid method of work adopted wherever possible. For example, the PCT Assembly could, at its 2002 session, take a decision that the designation fees be 0 Swiss francs and a decision in respect of IFIA's suggestion of a special reduction of PCT fees in favor of independent inventors and small and medium-sized enterprises. The Representative also stated that IFIA agreed that the Committee should consider long-term reform at a later time, including a world patent.

59. The Representative of ABAPI and ABPI stated that, in order to enhance the quality of the international examination, he supported the proposal made by the Netherlands and France to allow third parties to intervene during the international phase. He also supported the proposal made by the Netherlands to allow the applicant to divide the application during the international phase. Although he forecast great difficulties in this respect, he would also suggest that the possibility of combining PCT and PLT into a single treaty should be considered, such that the PLT would constitute a separate chapter of the PCT, countries being allowed to ratify that chapter in an independent manner.

60. As to the second stage of reform, the Representative of ABAPI and ABPI felt that it was too early to think of an international preliminary examination report with binding effects. There were several obstacles to overcome before concepts such as a binding international preliminary examination report or a global patent could be implemented without jeopardizing the existing balance in the international patent system and the legal certainty as referred to by the Delegation of Spain. He believed that it was necessary to continue the efforts towards achieving substantive harmonization and also to assist the national Offices of more countries to become International Searching and Preliminary Examining Authorities in order to decentralize procedures.

61. Further, referring to the comments made by the Delegations of the United States of America, Japan, United Kingdom, Australia, Germany and France, the Representative of ABAPI and ABPI emphasized that reduction of costs was one of the main aims of both the present reform and of the PLT. The Representative stated that it was the practice of several national administrations to retain part of the revenues of their patent Offices for purposes which had no relation to the services for which the fees were originally paid. Besides jeopardizing the operation of the Offices, there was a contradiction where a country supported reforms aimed at a reduction of costs whilst maintaining such practices. He favored wide discussion of this matter, either in the context of the PCT reform or in the context of the draft

Substantive Patent Law Treaty, with a view to allowing national Offices to fully administer their own revenues.

62. The Representative of FICPI noted that his organization had submitted its views in document PCT/R/1/15. As regards the matter of electronic filing and processing standards, FICPI fully supported the intervention by the Representative of AIPPI. FICPI was in general agreement with the proposals for the first stage of reform insofar as they would simplify the Treaty, simplify procedures in national and regional Offices, avoid duplication of work, and reduce costs for users. Consequently, the Representative agreed with the proposals of Japan concerning the need for reform. FICPI welcomed proposals that had the objective of making life easier for users of the PCT system.

63. However, FICPI had a slightly different view on the short-term solutions to the problems referred to by the Delegation of Japan. FICPI believed that at present it was not possible for all searches to be made in a few Offices only. With the search tools now available, it should be possible to establish a decentralized system in which a large number of Offices carried out international search and also international preliminary examination. This should be done in the existing timeframe, so that a published PCT application with the search report, or a combined search and examination report, would be available to third parties 18 months after the priority date. During the remaining period of the international phase (up to 30 months from the priority date), the applicant should be permitted to request supplementary searches from Offices where there might be additional local prior art, for instance, in Japan, Brazil and Sweden. This should not be a duplication of the previous search but a truly supplementary one based on documents in a different language. In this way, the international phase could be utilized to locate as much prior art as possible without duplication of search efforts. It was very important for applicants to know as much as possible about relevant prior art before entering the regional or national stage, which represented the most costly single step in international patenting. A decentralized system would also ensure the retention of a high-quality infrastructure in each country having a recognized PCT Authority for search and examination. That would benefit national Offices and patent practitioners serving the domestic industry.

64. In the short term, as long as patent law was not truly harmonized, FICPI believed that international preliminary examination could not be expected to be recognized by all countries. It was necessary to face the reality that international preliminary examination reports were generally not recognized by the national Offices which ultimately granted patents. FICPI therefore proposed that the international preliminary examination be non-mandatory and non-binding. For the purpose of obtaining patents in those countries where the granting authority did not have resources for substantive examination in general, it should still be possible to request examination as an option. To save costs, such a request should be made when the PCT application is filed, so as to enable a combined search and examination to be carried out. This would mean that each International Searching Authority should also be an International Preliminary Examining Authority. This would be a cost reduction measure, although a fee would be paid for a combined search and examination rather than a search only. In conclusion, FICPI viewed the PCT procedures, at least in the short term, as an interim step prior to the national grant procedure. Nevertheless, these procedures could be simplified, costs could be reduced, and duplication of work could be avoided or reduced by the measures outlined above.

65. The Representative of APAA stated that his organization welcomed the reform of the PCT, particularly to accomplish more user-friendliness, to simplify procedures and to reduce costs.

General objectives of reform

66. After a discussion based on a draft list of objectives presented by the Chair, the Committee agreed that reform of the PCT system, which would involve changing both Articles and Rules, should be based on the following general objectives (not necessarily in order of priority):

- (i) simplification of the system and streamlining of procedures, noting also that many PCT requirements and procedures will become more widely applicable by virtue of the Patent Law Treaty (PLT);
- (ii) reduction of costs for applicants, bearing in mind the differing needs of applicants in industrialized and developing countries, including individual inventors and small and medium-sized enterprises as well as larger corporate applicants;
- (iii) ensuring that PCT Authorities can meet their workload while maintaining the quality of the services provided;
- (iv) avoiding unnecessary duplication in the work carried out by PCT Authorities and by national and regional industrial property Offices;
- (v) ensuring that the system works to the advantage of all Offices, irrespective of their size;
- (vi) maintaining an appropriate balance between the interests of applicants and third parties, and also taking into account the interests of States;
- (vii) expanding programs for technical assistance to developing countries, especially in the area of information technology;
- (viii) alignment of the PCT, to the maximum extent possible, with the provisions of the PLT;
- (ix) coordination of PCT reform with the ongoing substantive harmonization work being carried out by WIPO's Standing Committee on the Law of Patents;
- (x) taking maximum advantage of modern information and communications technology, including the establishment of common technical and software standards for electronic filing and processing of PCT applications;
- (xi) simplifying, clarifying and, where possible, shortening the wording of the provisions of the Treaty and the Regulations;
- (xii) streamlining the distribution of provisions between the Treaty and the Regulations in order, in particular, to gain increased flexibility.

Establishment of a working group

67. The Committee agreed to recommend to the Assembly that the matters described in paragraphs 69 to 75 of this report should be regarded as part of the first stage of the envisaged reform of the PCT. However, further matters were likely to be added to that stage, as discussions on matters that were not included now had not been finalized, and a substantial number of proposals had not been able to be discussed due to lack of time.

68. In order to deal with the matters selected in an efficient manner, the Committee agreed to recommend to the Assembly that those matters be referred to a working group for its consideration and advice. The working group would report to the Committee on how those matters could be addressed, bearing in mind the general objectives set out in paragraph 66, above, preferably including proposed amendments of Articles and Rules, and where appropriate including options and alternatives. The International Bureau would prepare, for consideration by the working group, documents containing proposals and/or an analysis of the issues, and referring to the documents considered by the Committee at this session as well as to this report. The matters not to be referred to the working group would be open for reconsideration at a future session of the Committee.

Matters to be referred to the working group

The concept and operation of the designation system

69. Discussions were based on document PCT/R/1/2, Annex, page 3, item (1), as well as comments and proposals made in other documents. The following principles, comments and concerns were expressed by various delegations:

- (i) elimination of the concept of designations (as distinct from eliminating the need for individual designations) would require a review of the concept of entry into the national phase;
- (ii) changes should be consistent with the intention to eliminate the designation fee when processing in electronic form is implemented;
- (iii) applicants need to be able to exclude one or more States from designation;
- (iv) third parties have an interest in being able to find out with certainty the States in which the applicant in respect of an international application intends to enter the national phase or, where applicable, whether, and in which Offices, any given international application is being processed in the national phase; possibilities include the collection by a central source, such as the International Bureau, of information provided by applicants or designated Offices (see Rule 86.1(a)(vi) and documents SCIT/6/5 and SCIT/6/7, paragraphs 27 to 32); the possibility will exist of collecting such information as a by-product of use by designated Offices of the communication on request (COR) system being developed under WIPO's IMPACT project;
- (v) the means of communication of international applications to designated Offices should be reviewed, having regard to possibilities offered by modern information and communications technology (including the COR system);

- (vi) appropriate provision should continue to be made for the fact that different types of protection (for example, patents and utility models) may be sought in certain States;
- (vii) the system for indication of different applicants for different designated States should be examined in the light of any changes proposed;
- (viii) consequential changes to the request form would be needed.

Improved coordination of international search and international preliminary examination and the time limit for entering the national phase

70. Discussions were based on document PCT/R/1/2, Annex, pages 4 and 5, items (6), (7) and (9), as well as comments and proposals made in other documents. The following principles, comments and concerns were expressed by various delegations:

- (i) the reason for having different time limits in Articles 22 and 39(1) was questioned;
- (ii) some applicants request international preliminary examination only in order to “buy” extra time, and in such cases the resources of the International Preliminary Examining Authority are not being used to best advantage;
- (iii) delaying the national phase until 30 months from the priority date in all cases would result in fewer demands for international preliminary examination, thus affording relief to some International Preliminary Examining Authorities which are facing an increasing workload that they can no longer manage;
- (iv) merely delaying the national phase until 30 months from the priority date in all cases could have some adverse consequences, including greater uncertainty for third parties and the fact that a smaller proportion of international applications would be accompanied by an international preliminary examination report, which would lead to delayed and duplicated examinations in the national phase;
- (v) there would be adverse consequences, especially for smaller designated and elected Offices and particularly those in developing countries, if a smaller proportion of international applications entering the national phase were accompanied by international preliminary examination reports;
- (vi) the time limits in Articles 22 and 39(1) could be modified by a unanimous decision of the Assembly; in the longer term, the Articles could be revised to remove or alter the distinction between the international search and international preliminary examination procedures;
- (vii) the possibility of changing time limits under national laws was not favored as an approach, since it is unlikely that all laws would be changed at the same time, leading to a multiplicity of systems and confusion for applicants;
- (viii) greater efficiency and more flexibility would flow from an appropriate degree of amalgamation of the international search and international preliminary examination procedures;

- (ix) a more coordinated approach to international search and international preliminary examination could reduce duplication of work in the International Searching and International Preliminary Examining Authorities;
- (x) the present clear distinction between the Chapter I and II procedures is a central feature of the PCT system which should not be eliminated lightly or in response to temporary problems;
- (xi) confusion and errors often result at present from the inter-relationship between the time limit for filing a demand (19 months from the priority date) and the time limit for entering the national phase if no demand was filed (20 months from the priority date);
- (xii) applicants from developing countries find the present international preliminary examination procedure complicated and expensive;
- (xiii) international preliminary examination should not become mandatory; rather, applicants should be given more choice in the procedures available;
- (xiv) the option for applicants to request early national phase processing should in any event be retained;
- (xv) there may be sound reasons, not constituting abuse, why applicants might wish to “buy” time before deciding whether to enter the national phase – notably, where the international search report or international preliminary examination report is not available before the expiration of the applicable time limit;
- (xvi) more flexibility could also be introduced in terms of the time limit for filing a translation when entering the national phase.

71. A proposal made at the meeting by the Delegation of the United States of America found interest among delegations as a possible starting point for priority consideration by the working group, which should prepare options and alternative approaches for later consideration by the Committee. That proposal, with further suggestions made in the discussion, had the following basic features:

- (i) an expanded international search report which would contain, in addition to its present contents, a first opinion as to patentability (such as is produced in the first written opinion during the present international preliminary examination procedure);
- (ii) that first opinion could be published with or after the international application and the rest of the search report, subject to a possible right of the applicant to first rebut the opinion;
- (iii) full international preliminary examination would be undertaken only if the applicant took further, definite, steps to initiate it in reply to the first opinion;
- (iv) the time limit for entering the national phase would in any event be 30 months from the priority date;

- (v) the fee structure for international search and international preliminary examination would require modification accordingly.

Conform filing date requirements to those in the PLT

72. Discussions were based on document PCT/R/1/2, Annex, page 4, item (3), as well as comments and proposals made in other documents. The following principles, comments and concerns were expressed by various delegations:

- (i) while the proposal was generally supported, certain delegations questioned whether it should extend to certain requirements relating to nationality, residence and language;
- (ii) the operation of the proposal in the context of the time limit for international search would need to be looked at carefully.

Conform “missing part”-type requirements to PLT procedure

73. The Committee generally agreed with the proposals made by the United States of America in document PCT/R/1/2, Annex, page 4, item (4).

Other PLT-consistent changes

74. Discussions were based on document PCT/R/1/2, Annex, page 6, item (15), as well as comments and proposals made in other documents. The following principles, comments and concerns were expressed by various delegations:

- (i) there is a general need for the PCT to be reviewed to see what changes are necessary or desirable to bring it into line with the letter and spirit of the PLT;
- (ii) the examples given in document PCT/R/1/2 and other documents should be reviewed by the working group;
- (iii) the use of modern information technology in filing applications makes it easier for applicants to file unnecessarily complex applications which cannot be satisfactorily handled by Offices (for example, applications containing unduly large numbers of pages or claims or with unduly broad claims);
- (iv) related matters to be considered in this context should include extensions of time limits and reinstatement of rights;
- (v) in the longer term, there could be possibilities for a complete amalgamation of the provisions of the PCT and the PLT.

General simplification and streamlining

75. The Committee agreed that the working group should also be able to consider other proposals for simplified and streamlined formalities and procedures which might be put to it by the International Bureau, provided that such proposals were consistent with the general objectives set out in paragraph 66, above, and on the understanding that proposals which, upon consideration, were felt to raise more general questions should be deferred for consideration by the Committee. The International Bureau's proposals should, in particular,

take into account the matters raised in document PCT/R/1/2, pages 5 and 6, items (11), (13) and (14) (*Reduction/elimination of formalities review or handling of applications; Electronic international publication; Electronic transmission of search/examination results*).

Matters not to be referred to the working group

Elimination of all residency and nationality requirements

76. The Delegation of the United States of America indicated that under its proposal (see document PCT/R/1/2, Annex, page 3, item (2)) international applications could be filed by anyone regardless of residence and nationality, and that the filing of international applications in any receiving Office by any applicant would be permitted. This change would greatly benefit patent applicants from non-member States, especially those from developing and least developed countries. The Delegation further observed that it might be warranted, in order to avoid “forum shopping,” to build in a preference for the use of a given receiving Office which would also ultimately search and examine a given application. The Delegation noted that national and regional patent systems did not generally have residence and nationality requirements, and that no substantial reason was seen to have such requirements in the PCT. Under the proposal, the Assembly would be allowed to act under Article 9, and Rule 19.4 would be eliminated, at least as it applied in cases concerning residence and nationality.

77. The Delegation of Germany stated that it could not agree with the proposal of the United States of America because, firstly, national law would not allow an applicant without German residence or nationality to file a PCT application with the German receiving Office and, secondly, there would be an increased workload if applicants could file their applications in any of several languages and if fees could be paid in any of several currencies.

78. The Delegation of Sweden stated that it did not support the proposal since it believed that it would not conform to the minimum level of reciprocity.

79. The Delegation of Spain stated that it was not in favor of the proposal. In its view, the nationality and residence requirements seemed to be necessary in order to enjoy rights under the Treaty. In addition, Articles 9(1), 9(2) and 10 already contained mechanisms which would enable the Assembly to permit applicants who were not residents or nationals of member States to use the PCT system.

80. The Delegation of the United Kingdom stated that it did not support the proposal, which would open the PCT system to anyone, regardless of residence or nationality. The Delegation stated that such a change would in fact reduce the incentive for new States to join the PCT Union, since it would allow nationals of States not party to the PCT to benefit from facilitated filing procedures in Contracting States without there being any reciprocal benefit for nationals and residents of Contracting States.

81. The Delegation of Norway stated that, although it saw that this proposal benefited applicants from non-member States, it also saw the problem of the lack of incentive for such States to improve and harmonize their legislation to the PCT and actually become members of the PCT. The Delegation agreed with the Delegation of Sweden that, in view of lack of reciprocity, the proposal lacked balance and could not be supported.

82. The Delegation of Hungary stated that it did not support the proposal. The matter should not be included in the first agenda of the working group, although possibly it could be

considered later. The Delegation agreed with the reasons given by the Delegations of Norway and Sweden. It also had concerns about the possibility that the proposal could lead to “forum shopping” and cause language problems. It was also of the view that there should be some incentive for non-member States to join the PCT system.

83. The Delegation of Cuba agreed with the Delegations of Germany, Sweden, Spain and the United Kingdom, and indicated that it believed that there were enough possibilities within the current system, noting that, in any case, the principle of reciprocity should be maintained.

84. The Delegation of the Russian Federation stated that it did not support the proposal for three reasons: (i) the elimination of residence and nationality requirements would not correspond to the principle of reciprocity; (ii) the proposal would have consequences of language problems; and (iii) there would also be problems for security reasons, since some applications should first be filed with a national Office and afterwards via the PCT.

85. The Delegation of Indonesia stated that it would like to associate itself with the argument made by the United Kingdom in document PCT/R/1/9, page 3, and that, therefore, the elimination of all residence and nationality requirements was not acceptable to the Delegation.

86. The Delegation of Australia stated that it did not at this time agree with the proposal, citing two reasons for its position. One was the issue of non-member States’ reduced incentive to join the Treaty; the Delegation acknowledged that, while the PCT had been a major harmonizing influence over the last two decades, the system now included 112 member States. However, the number of States which were not members was steadily decreasing, and thus the reduced incentive would not be a major concern. The major issue was the failure of the system to provide mutual recognition of search and examination results. The Delegation observed that, if the PCT system were being operated in the manner in which it was originally intended, so that search results would be recognized by all member States and with an examination process which was recognized, the issues of nationality and residence would be open for proper discussion. However, until that happened, the Delegation would be opposed to the proposal.

87. The Delegation of the Republic of Korea stated that the elimination of the residence and the nationality requirements, allowing applicants from non-member States to use the PCT system, would remove the incentive for States to accede to the Treaty.

88. The Delegation of China stated that it could not support the proposal, believing that it might bring some difficulties to the management and the coordination of the system and that, moreover, as the Delegation of the Republic of Korea had said, it would be unfair to Contracting States and their applicants.

89. The Delegation of Denmark stated that, by eliminating all residence and nationality requirements, the proposal might have the effect of reducing the incentive for non-member States to join the PCT. The Delegation believed that, in principle, any State in order to make use of the PCT system, should be a member of and subject to the PCT. The Delegation indicated, however, that since the proposal was aimed at benefiting developing countries, it was open to further discussion on the matter.

90. The Delegation of Brazil stated its support for the proposal. Brazil, as a PCT Contracting State in South America, was surrounded by several countries that were not members of the PCT. Inventors from those non-member States presently find ways of filing

PCT applications with the Brazilian Office. The Delegation believed that if this proposal were to proceed, those non-member States would then have an incentive to join the PCT.

91. The Delegation of the United States of America, in response to the argument that the elimination of nationality and residence requirements would reduce the incentive of countries to join the PCT, stated that it had seen in its bilateral discussions throughout the world that, in many instances, political problems existed in some countries which impeded their capability to join the PCT and other intellectual property treaties. Failure to remove this requirement would put the inventors in those countries at a disadvantage because they would be unable to make use of the PCT system or the patent system in the world as a whole. The Delegation observed that its proposal was focused on enabling and facilitating the growth of innovation in countries throughout the entire world. In the Delegation's opinion, the proposal would increase the ability of inventors from a given non-PCT country to participate in the world system, and thus may in fact convince the country to join the PCT. The Delegation suggested that the proposal could be given greater consideration by the working group.

92. The Delegation of Japan commented that the proposal would enable nationals and residents of a non-member State to use the PCT system. While the proposal would result in wider use of the PCT system, the Delegation was concerned that the result might be a disincentive for non-member States to join the PCT. However, as the Delegation of the United States of America had argued, it could in fact be some incentive for non-member States to join if the proposal resulted in raised awareness and understanding of the advantages of the PCT. Therefore, the Delegation of Japan suggested that further examination be carried out as to the positive and negative effects of the proposal and as to the possibility of introducing a safeguard to maintain the incentive to join the PCT.

93. The Delegation of Colombia stated that it shared the views expressed by those who favored maintaining the current requirements of residence and nationality, in order to maintain a balance with respect to reciprocity and legal certainty.

94. The Delegation of the Netherlands stated that it was not immediately against deleting the requirement for nationality and residence in light of the existing provisions as they had been changed in recent years. The Delegation noted that, during discussions that took place about 10 years ago, the conclusion had been reached that the requirement of nationality or residence was mainly a filing requirement. Nothing in the PCT prevented someone who was entitled to file from transferring the application, after filing, to someone who would not have been entitled to file. In cases where there was more than one applicant, the only requirement was that one of the applicants had to be entitled to file the application. There did not need to be an applicant entitled to file in respect of each designated State, and a similar understanding applied to the filing of a demand under Chapter II. In light of those facts, the Delegation believed that the line between maintaining and abandoning the present requirements for nationality and residence was extremely thin, and to a certain extent artificial. In principle, the Delegation was not against deleting the requirement, but it could see from the reactions of other delegations that there was not yet general agreement.

95. The Delegation of Israel suggested that, if residence and nationality requirements were to be eliminated, the data concerning nationality and residence should be included in the international publication on the front page of published pamphlets.

96. The Delegation of Turkey stated that it did not support the proposal, since it would create problems between the applicant and the receiving Office.

97. The Delegation of Switzerland stated that it had some minor concerns on the issue of disincentive for other countries to join the PCT, and in this respect it had some sympathy for the opinion of the Delegation of Japan. However, as it had pointed out in document PCT/R/1/13, it feared that the elimination of all residence and nationality requirements could, having regard to the different competencies of receiving Offices, International Searching Authorities and International Preliminary Examining Authorities, lead to both “forum shopping” and “date shopping.” It therefore did not support the proposal.

98. The Delegation of Niger stated that it could not fully understand the reasons behind a proposal to delete the requirements relating to residency and nationality. It questioned the existence of a problem within the PCT that could have led to the proposal. The Delegation further stated that, although this proposal, at first sight, would seem to favor applicants from least developed countries which were not Contracting States, in the Delegation’s view it would create more problems than it could actually solve, and the Delegation was therefore opposed to it.

99. The Delegation of the EPO sought clarification on two points raised by the proposal. First, could the applicant file with any receiving Office that he chose, or would the applicant be obliged to file with the International Bureau? Second, since the choice of receiving Office determined the competent International Searching Authority and International Preliminary Examining Authority, would such an applicant then also be free to choose any International Searching Authority and any International Preliminary Examining Authority?

100. The Delegation of Canada stated that, as indicated in document PCT/R/1/18, it opposed the proposal. First, as many delegations had said, it would remove an important incentive for non-member States to join the PCT. Second, it could have a negative effect on the viability of smaller Offices to function as receiving Offices, International Searching Authorities or International Preliminary Examining Authorities. Third, it could create some unpredictable workload distribution issues. The working group would have only a certain amount of time, energy and resources to work on issues. This was not a priority issue and should not be referred to the working group.

101. The Delegation of Portugal did not support the proposal for the same reasons as those given by the Delegations of Spain and Sweden.

102. The Delegation of France stated its full support for the Delegation of Canada in respect of the approach to be followed whereby, at this stage, work on the priority issues should be commenced, so that speedy progress could then be made.

103. The Delegation of Mexico stated that it did not support the proposal. It would like to associate itself with the Delegations of Canada and France in stating that the focus should now be on priority issues which should be dealt with by the working group.

104. The Delegation of Ukraine stated that it did not support this proposal. Adoption of the proposal would raise a serious technical and economic problem, since some receiving Offices may set the amount of the transmittal fee at a reduced level so as to attract more applicants.

105. The Delegation of Egypt stated that the elimination of all residence and nationality requirements was very important. It would be a good thing for developing countries, in particular, because many inventors would then be able to participate in the filing of patent applications using the PCT. This would then encourage more countries to become members of the PCT.

106. The Representative of AIPLA stated that his organization had noted the development of the PCT system to make procedures easier for applicants. For example, Rule 19.4 addressed the situation where the applicant filed the international application with the wrong receiving Office. He observed that one concept that had not yet been discussed was a development of that Rule to permit a national or resident of any Contracting State to file with any receiving Office and for such a filing to be considered a proper filing. Applicants would benefit from the ability to file with any receiving Office.

107. The Representative of IPIC recalled that many delegations had referred to the disincentive for non-member States to join the PCT. She observed that there was also a possibility that adopting the proposal to eliminate residence and nationality requirements could provide an incentive for States to leave the PCT in order, for example, to encourage direct national filings with their own Offices.

108. The Representative of IFIA stated that his organization was in favor of the elimination of residence and nationality requirements for three reasons: (i) by offering to all inventors the possibility to use the PCT system, his organization was applying its principle of solidarity towards all inventors in the world – inventors should not be penalized because they belonged to a country which was not party to the PCT; (ii) inventors who, at present, did not have the right to use the PCT system were often “invited” to find, and of course pay, a PCT resident to become a co-applicant; thus, at present, non-residents and non-nationals were in fact using the PCT system and paying to do so; (iii) by legalizing worldwide usage of the PCT system, a further step would be taken towards the long-term objective of a world patent.

Availability of multiple searches and examinations

109. The Delegation of the United States of America introduced its proposal (see document PCT/R/1/2, Annex, page 4, item (5)) that the PCT should be amended to accommodate searches and examinations from multiple Authorities upon the request of an applicant. The Delegation found that PCT applicants were requesting such a procedure. Several options were possible for providing multiple searches and examinations, including: (i) a primary search and one or more supplemental searches; (ii) a “super-search” or a collection and compilation of separate search reports; and (iii) a “super-search” where all participating Authorities sign off on the result. The timing of these options would have to be considered.

110. The Delegation of the EPO stated that, in its view, the proposal of the United States of America was rather premature. As outlined in its paper, the EPO was confronted with a serious problem of workload, in particular as far as international search was concerned. On the other hand, as had already been stressed in the meeting, the question of quality was a very important one and it was in the interest of the EPO to maintain quality standards. Such a proposal would mean not a reduction of work but an increase of work for the EPO, as well as for other Authorities. Therefore, the Delegation did not consider this to be the right time to discuss the proposal in detail. As soon as the workload problem had been resolved, and in particular as soon as a better distribution of international search and international preliminary examination work could be found, discussion of the proposal could be resumed. In addition, some work in this direction had already been done in the framework of the trilateral cooperation between the EPO, the Japan Patent Office and the United States Patent and Trademark Office, in particular the project called “concurrent search,” although the results of that project had not been very promising so far.

111. The Delegation of Austria noted that it supported the introduction of the possibility of multiple searches. The request for such multiple searches should be filed together with the international application, and the applicant should have the possibility to choose the International Searching Authority from which he would wish to obtain an additional search. The Delegation added that it would also support the possibility of multiple examinations.

112. The Delegation of Japan stated that it was against the idea of multiple searches and examinations for the following reasons. First, generally speaking, examination results were not so different among Offices. For example, the Trilateral Offices already had quite a good agreement record in this respect. Therefore, it was highly likely that the applicants would in any event receive the same report from different Offices. This also implied that the need for multiple searches was not justified. Second, it was necessary to consider the possible large increase in workload. Multiple searches and examinations by multiple Authorities would require a great deal of search and examination resources on the part of International Authorities, including the Japan Patent Office. Therefore, it was necessary to examine carefully whether, and to what extent, the increased workload could be absorbed by those Authorities under the existing, or an improved, PCT system. Third, it was necessary to consider what could reasonably be expected of International Searching Authorities and International Preliminary Examining Authorities in providing a service to the public. In the view of the Delegation, multiple searches seemed beyond the scope of the public service which should be expected of them. The needs, if any, for multiple searches should be satisfied by the private sector. Finally, the Delegation stated that multiple examinations would need much more complicated arrangements than multiple searches and that, therefore, it was against the concept of multiple examinations.

113. The Delegation of Australia stated that it was not in favor of the proposal. In its opinion, one of the issues which had to be considered was why applicants wanted multiple searches or extra search reports. The Delegation noted the existence of a range of commercial searching services around the world. The Delegation suggested that the desire of PCT applicants for multiple searches and examinations was essentially caused by the failure of Offices to recognize the search and examination results of other Offices. The Delegation further suggested that, if a national Office insisted on duplicating search work as a matter of routine, irrespective of whether the application had been subjected to a search by another Office or Offices, that was a matter for the national Office concerned to deal with in its national phase. The PCT system should not be burdened with the flow-on effects from such work practices.

114. The Delegation of Norway stated that it was not in favor of the proposal. Acceptance of the notion that the search or examination carried out by some International Authorities was not satisfactory would imply that the PCT system had somehow failed. The Delegation pointed out that a search or an examination in the international phase is preliminary, and any Contracting State was entitled to perform an additional search or examination of an application in the national phase. The applicant was, at any time in the process, free to perform an additional search independently of the search carried out by the International Authority. The Delegation also noted that multiple searches and examinations would probably result in a heavy workload in the PCT system, and thus would not contribute to simplification of the system. It suggested that it may be better to try to solve any underlying problems in such a way that the same quality would be achieved by all International Authorities.

115. The Delegation of Spain stated that it agreed with the other delegations that opposed the proposal. Like the Delegation of Australia, it did not understand why applicants should need

multiple searches. The Delegation did not think that further study of the matter was necessary for two reasons. First, the proposal ran counter to two of the objectives that had been agreed, namely, to alleviate the workload of Offices and to avoid the duplication of work. Second, the quality of searches was currently high enough to ensure that searches were accepted by other Offices, so that the Delegation did not feel that they needed to be duplicated. The Delegation also observed that, if there was no mutual recognition of searches, then national Offices would perform their own searches.

116. The Delegation of the Republic of Korea expressed its support for the proposal in general, but indicated that it was concerned that the introduction of multiple searches and examinations would result in a high probability of producing a delay in entry into the national phase.

117. The Delegation of the Russian Federation noted that it did not generally favor the proposal. The availability of multiple searches and examinations could create the impression that applications which had been subjected to multiple searches and examinations were more likely to achieve the grant of a patent than those which had only one search and one examination result. But the Delegation had some sympathy for supplementary searches in different languages. The Delegation noted that in respect of files in the Japanese language or the Russian language, most Authorities would only search on the basis of abstracts. Searches made on the basis of complete files would be more reliable. The Delegation therefore expressed sympathy for the notion of supplementary searches. The Delegation noted that supplementary searches were presently carried out by the Eurasian Patent Office when that Office received search results from International Searching Authorities which had searched Russian language prior art on the basis of abstracts only.

118. The Delegation of Australia stated that even though some Offices gave due recognition to international search reports in the national phase they did not necessarily take those reports as being conclusive. The practice of the Australian national Office, as referred to in the proposal by Australia (in document PCT/R/1/8), was that a skilled examiner would, in the national phase, assess whether the international search report had yielded the type of results that could be expected. The Australian national Office would conduct a separate search on a case-by-case basis, at no additional cost for the applicant. The Delegation was aware, however, of the practices of other Offices which either had no regard for international search reports or routinely carried out supplementary searches and charged the applicant. Nevertheless, in respect of the language situation mentioned by the Delegation of the Russian Federation, the Delegation did not have any particular objections to the carrying out of supplementary searches.

119. The Delegation of the United Kingdom stated that it was not in favor of the proposal on the grounds that it went against the objectives of avoiding unnecessary duplication of work and of ensuring that PCT Authorities could handle their workload. Second, as the Delegation of Australia has already said, it was not clear why applicants should want more than one search if it could be assumed that the quality of the search of all International Searching Authorities was the same. The PCT system should always be striving to ensure that the quality of the search done by each International Search Authority did in fact match the world's highest standard. The objective of maintaining the quality of the search standard had also been agreed. It was clear that an applicant who wanted further searches should be free to commission them privately from any organization which provided such a searching service. But, such a feature should not be part of the PCT system. The Delegation was also concerned that, if multiple searches or "super searches" were to become available, patents which were

only searched by one Authority might be seen as being second class, thus putting pressure on applicants to pay for further searches which were not, in fact, needed.

120. The Delegation of Germany noted that it had some hesitations regarding the proposal. While the Delegation would not oppose discussion of the proposal by the working group, it would like to express some concerns. The Delegation indicated that, on first view, it would think that if the applicant wants to have a second search, a “super search,” a supplementary search, then why not? If an Office was prepared to offer such a further search, why not? The Delegation noted, however, as other delegations had already pointed out, that it was questionable whether there was a practical need for such searches. Keeping in mind the aim of the work of the Committee, the Delegation expressed the view that it should be enough if one search and one examination were carried out. The Delegation stated that it was too early to talk about achieving mutual recognition. The Delegation suggested greater focus on the quality of the search, while noting that it was impossible to find 100% of the prior art. The Delegation noted that it would not oppose discussion of the matter in the working group, but at the same time believed that multiple searches must not result in duplication of work.

121. The Delegation of China stated that it was not in favor of the proposal, believing that it would lead to an increase in the workload of the International Searching Authorities. Furthermore, the Delegation stated that the proposal was contradictory to the general objectives that had been affirmed earlier by the Committee.

122. The Delegation of the Netherlands stated that it had hesitations regarding the proposal. It questioned why an applicant should want more than one search. The matter of quality should be taken care of by a mechanism other than multiple searches. A supplementary search of complete texts in a different language from the language of the abstracts used in the original search was an interesting idea. However, the Delegation questioned whether this was something that should be included in the first stage of reform. As far as multiple examinations were concerned, the Delegation believed that the answer was harmonization of practices, both within International Preliminary Examining Authorities and between Authorities.

123. The Delegation of Sweden stated that it was not in favor of the proposal for the same reason as had been put forward by the Delegations of Japan, Norway, Australia, United Kingdom, Germany, the Netherlands and the EPO. It was also of the view that, if a system of multiple search and examination were to be set up, it should be voluntary for each International Authority to carry out second searches or examinations.

124. The Delegation of Turkey stated that it did not support the proposal to provide for multiple searches and examinations because this would confuse and delay PCT proceedings. It observed that the proposal would permit an applicant who did not want to accept the result of a search to ask another Authority to prepare another search report or examination report.

125. The Delegation of the United States of America stated that it wished to respond to certain points raised by the Delegations of Japan and Australia. As stated by the Delegation of Japan, the joint search and examination projects undertaken by the Trilateral Offices suggested that examination results were largely in agreement. However, the agreement among the search results was as low as 4%. Accordingly, the reason for users to request the availability of multiple searches might be not so much the hesitancy of Offices to accept the product from other Offices but rather a recognition on the part of applicants that they received very different products from different Authorities. Although the Delegation did not know exactly what the users' reasons were, the fact remained that they had expressed a strong desire

for this type of option. The Delegation also observed that, in the long run, when Offices had better coordinated electronic search tools and mechanisms to conduct searches, those differences, and the need for the option of multiple searches would disappear. In the meantime, users needs should be met if possible.

126. The Delegation of Canada did not support the proposal for multiple examinations but thought that the proposal for multiple searches was worth further consideration. The Delegation noted that it shared concerns about duplication and that it thought that Offices should give appropriate recognition to search results of other Offices. The Delegation further noted that, in its view, applicants had an interest in getting as much search information as they could. This was relevant for the practices before the Offices, but also relevant for the applicants in trying to determine the best scope of protection that they could validly obtain, which made it relevant to claim drafting and a whole range of purposes. The Delegation acknowledged that there was no perfect search, and observed that there was different expertise in different Offices which related to linguistic capabilities and other reasons. Having multiple or supplementary searches may allow applicants to get additional information. The Delegation further acknowledged that it was true that, to a certain degree, applicants could get further search information using commercial services, but in its view it would be useful, nevertheless, to integrate the possibility, at least to some degree, within the PCT context. One of the reasons for such integration was that the results of additional searches in the PCT context would be made publicly available, whether within the published application or later. The Delegation was of the opinion that the possibility of providing for multiple searches in the PCT context was well worth exploring, explaining that it was conscious of the comments that were made by the Delegation of the EPO that it may be premature to take this issue up as a priority issue while workload problems continued. This proposal was therefore not a matter that should be referred to the working group at this stage, but the Delegation expressed its view that the issue was important and should be taken up at a later point, particularly if existing workload difficulties were solved to some degree.

127. The Delegation of France stated that it was not in favor of the proposal for several reasons, but that a distinction should be made between multiple searches and multiple examinations. Multiple searches, as various Delegations had said, would contravene the general objectives that had just been agreed, in particular, that concerning the reduction of workload for PCT authorities which were experiencing difficulties in meeting demand, and that relating to avoiding unnecessary duplication of work by PCT authorities. The Delegation would be in favor of deferring consideration of the question of supplementary searches to a later time. With respect to multiple examination, the Delegation pointed out that work on substantive harmonization of patent laws had just begun, and that it would not be possible to have multiple examinations without substantive harmonization.

128. The Representative of ARIPO observed that, although the availability of multiple searches and examinations would enable applicants to obtain a second opinion, it contradicted the general objectives mentioned by the Delegation of France. Also, such availability could be achieved in the national phase. Therefore ARIPO could not support the proposal.

129. The Representative of AIPPI stated that users of the PCT system could not be against an option which is offered to them, and that his organization was grateful to the United States of America for its proposal. However, the proposal did raise some problems: (i) how much would the additional search cost? (ii) what would be the term for getting the additional search? (iii) would the applicant have a choice of Office or could an Office refuse to make the additional search? (iv) what would be the effect on the workload of patent Offices? There were patent Offices which already had a tremendous backlog. The proposal would

increase those backlogs if the applicant had the choice to go to an Office which, from experience, provided good searches. Accordingly, this was a matter on which AIPPI could only decide, after further study, when the details of the system were on the table, and after the difficult task of harmonization.

130. The Representative of AIPLA stated that, in principle, his organization supported the availability of multiple searches. It was advantageous for an applicant to know the likelihood of receiving a patent before paying translation costs, national stage entry costs, and the costs of other further processing of the application. The cost of an extra search before these extra fees were incurred might be less, in total, even if there were costs that arose from the extra workload involved. Some applicants would be willing to pay for the comprehensiveness of searches from multiple sources. The Representative also noted that, in the United States of America, there was a duty of disclosure upon United States patent attorneys and inventors to report on search results from other countries on applications in the same patent family. Sometimes applicants desired additional searches, not only for the purposes of the international processing of their applications, but also for the domestic processing in the United States of America. This was of benefit to those applicants who were willing to bear the expense of obtaining the most comprehensive search available because they desired the most robust examination possible. The matter required a cost-benefit analysis. The Representative thanked the United States of America for presenting the proposal for consideration.

131. The Representative of FICPI stated that, on his organization's understanding, the proposal would lead to an international phase procedure with a duration of about 30 months and that the first or primary search should be completed within and published at 18 months, as at present. Accordingly, there would be one year left of the international phase and, for applicants, it would be a cost issue to use this year in a meaningful way. This fell within the second general objective that had been agreed. In the view of his organization, most users would rather have a supplementary search than, as at present, a non-binding preliminary examination. In this respect, the Representative referred to the statements made by the Delegations of the United States of America and Canada, and by the Representative of AIPLA. In the view of his organization, it was not a question of quality but a recognition of the fact that different Offices had different search material. In the very long run, this might change, but in the near future, the differences between the available search material would remain.

132. The Representative of ABPI stated that, although his organization was opposed to the proposal for multiple examination, it was, in principle, in favor of multiple searches. As the Delegation of Canada had already mentioned, no search could ever be exhaustive. His organization suggested further study as to how such multiple searches would be performed and to what extent they would improve the search result and the examination to follow.

133. The Delegation of the United States of America expressed its desire to request further consideration of the question whether at least that portion of its proposal relating to multiple searches should be sent to the working group for its consideration.

134. The Delegation of the Russian Federation expressed its support for the proposal for the reasons explained in its intervention made the previous day.

135. The Delegation of the Netherlands expressed the view that the Committee needed to evaluate the various proposals in a somewhat broader context, in particular with relation to the points which had the same basis in the workload of the International Searching and

International Preliminary Examining Authorities and in light of the separate measures which were indicated to try and cope with that workload. While the Committee could decide to move forward with the idea of an additional or supplemental search, how could the International Searching Authorities take on something additional if they had a workload that they could not currently cope with? It was the view of the Delegation that this issue should be left for the second stage of reform rather than the first stage of reform. In any case, the Committee would have to look into it, and whether advancement could be made on this issue in light of the workload of the Searching and Examining Authorities, might be affected, in particular, by other proposals of the United States of America. After having seen that total picture, the Committee might have a better view of what could be put to the working group.

136. The Delegation of Japan stated that the issue of multiple search and supplemental search could be discussed together with the issue of the future recognition of search results and examination results. The Delegation stated that this issue could be discussed either in the Committee or in the working group, and pointed out that such discussion would not preempt or prejudice the Committee's decision on whether or not the issue should be sent to the Assembly.

137. The Delegation of Australia observed that the matter of Offices' workloads was a very important issue. The PCT system was critically dependent upon the ability of the major Offices to deal with their workloads. It noted that the Australian Office took full advantage of international search reports and international preliminary examination reports to expedite the processing of applications, with consequential saving of time. Growth in workload was not just an issue for the large Offices; there would be a flow-on effect to all Offices. With the current 20% growth rate, the Delegation was very concerned about the impact of the growing workload upon the viability and sustainability of the PCT system as a whole. If a situation arose in which the large Offices were incapable of handling their workload, the consequences for the whole system could be quite severe. One result could be that work was not properly done, which would mean a lowering of quality. Another result could be that work could take a long time to be done with consequential flow-on effects. The Delegation noted that the patent attorney profession was similarly experiencing an increased workload. In the Delegation's view, the most significant issue to be faced in the next five years was how to deal with the workload. The Delegation had found it difficult to identify any proposals before the Committee that would have any significant impact on this problem within a timeframe of the order of five to eight years. In its earlier comments on this matter, the Delegation had wished to emphasize its concern and had not intended to be critical of any Office. In particular, it was concerned that, in the reform process, the issues of workload could overtake other issues that were being dealt with, and it was necessary to be mindful of the effects in the longer term. The Delegation's position on the proposal for multiple search was that, if there was a true desire for it on the part of applicants, then it would see it as highly desirable for Offices to be able to provide users with the service. The fundamental difficulty that the Delegation had was that, while this user-friendly service seemed appropriate in the short-term, it was quite incompatible with dealing with long-term workload issues. Accordingly, on one level it thought that supplementary search was a good idea, but this needed to be kept in the context of the workload problem.

138. The Delegation of Mexico commented that the working group should focus on proposals for which there was broad consensus in the Committee.

139. The Delegation of China commented that the difference between supplementary and multiple searches was not clear. It pointed out that this should not be a matter for discussion by the working group, and the Delegation did not favor the proposal.

140. The Representative of FICPI stated that, for the reasons given previously, his organization would welcome the limited issue of supplementary searches being taken up by the working group. Obviously, there were some conflicting objectives, in this case between the workload problem and the cost to applicants. As to workload, he believed that applicants were likely to request supplementary searches in those Offices where they would subsequently enter the national or regional phase, so the work would come a year or two earlier, but the total workload in processing a particular application would probably not increase to any large extent. Therefore, FICPI was in favor of referring the proposal by the United States of America for supplementary searches to the working group.

141. The Delegation of Spain stated that it would also like to clarify its position. It did not think that the matter should be passed on to the working group, because the Committee should only be passing on those points which enjoyed consensus, and no such consensus on this issue had been reached. The Delegation noted, furthermore, that supplementary searches were permitted under national legislation in the national phase, so there already existed a mechanism for whoever wanted additional searches, or for those Offices which wished to provide for them. The Delegation's position was that the proposal went against two objectives that had been agreed upon: namely, to avoid duplication of work and to reduce workloads in Offices. The Delegation believed that it was important to avoid duplication of work. It therefore did not believe that this proposal should be referred to the working group.

142. The Delegation of France agreed with the Delegation of Mexico, namely, that it would be more appropriate as a matter of procedure to send those questions which enjoyed consensus in the Committee to the working group. As the Delegation of Australia had indicated, the Delegation felt that the question of workload should be a priority. It believed that the possibility of supplementary searches was an interesting one but that the question was still open; consequently, the debate should continue within the Committee and not be passed at this stage to the working group.

143. The Representative of OAPI stated that the principles that had been established for sending issues to the working group were good ones and that they should be observed.

144. The Representative of AIPLA expressed its support for the statement made by the Representative of FICPI and its appreciation for the request for further consideration of the matter by the Delegation of the United States of America. The Representative recalled that, in an earlier intervention, he had commented on an important cost to applicants, namely the cost of paying for a translation of a patent application which turned out to be not novel and was therefore a waste of money. In his personal view, the opportunity for applicants to obtain supplementary searches from those Offices which would later process the applications in the national or regional stage was exactly the kind of thing that made the PCT successful. The Representative noted both the successful growth in usage of the PCT and the concern that the growth was becoming so large that the system could break down. No one wanted that, but the opportunity for applicants to obtain a supplementary search prior to proceeding further with an application was something that AIPLA supported, and it should be discussed by the working group.

145. The Representative of ABPI stated that it agreed with the Delegation of Australia that the effect of the proposal on workload had to be considered. He also agreed with the Delegation of Mexico that the item should not be referred to the working group until a reasonable consensus had been reached. ABPI suggested that this item be left open and that

the Delegation of the United States of America be requested to further detail this proposal in view of the comments made in the Committee's session.

146. The Delegation of the EPO stated that the proposal was of particular importance for those applicants who had to decide whether to invest in the costs of entering the national phase, and that it appreciated what had been said so far. The Delegation reminded the Committee that, in the last year, the EPO had performed about 58,000 international searches and that, with the ongoing growth in filings, the EPO would not be in a position to join the proposed system of multiple searches if that system were to be implemented now. Therefore, it questioned whether such a system would be of use to those applicants who really desired an additional European search before entering the regional phase. The Delegation suggested that the best way to proceed would be to leave the matter open for the time being and to reserve it for the "second basket" of proposals to be established by the Committee.

Accommodate further deferral of national stage entry

147. The Delegation of the United States of America, referring to its proposal (see document PCT/R/1/2, Annex, page 5, item (8)), commented that deferral of national phase entry until 30 months from the priority date was often a primary objective of users of the PCT system. The Delegation stated that the wish of many applicants to seek an extension of this time limit should be met. In its view, the Treaty should be amended to provide for the possibility of at least one deferral of six months from the 30th month, upon payment of a deferral fee. The concerns of third parties should also be borne in mind, and the creation of so-called "submarine" applications for patents should be avoided.

148. The Delegation of Mexico stated that it could not support the proposal for several reasons. It believed that the proposal would provide a way of maintaining the life of an application without entering into the national phase, which would lead to various consequences. First, there was the question of transfer of technology in cases where the application had not been translated. Second, although it was true that many applicants wanted to "buy" time, a six-month deferral would result in a 20% greater delay than that which existed at present under the PCT and 200% of what was originally contemplated by the Paris Convention for the Protection of Industrial Property. This would necessarily have an impact on collection of annual fees. The time at which a patent was granted would be later, and there would be six months less time for which annual fees would be payable. This would have an impact on the revenues of national patent Offices.

149. The Delegation of the United Kingdom opposed the proposal, considering that it could lead to anti-competitive abuse. The Delegation mentioned that at present it could take more than two and a half years for third parties to know whether an application would be pursued in any particular State. No further delay was justified. Furthermore, the Delegation did not favor a mechanism by which commercial advantage over competitors would be dependent on one's ability to pay a fee. That would be against the interests of small and medium-sized enterprises and individual applicants who would be less able to afford such a fee.

150. The Delegation of Austria stated that it had some problems with this proposal as it would seem to go directly against the interests of third parties. Article 39 already allows for the prolongation of the time limit for entry into the national phase under national laws.

151. The Delegation of Cuba stated that the 30-month time limit for entry into national phase was sufficient. Any proposed deferrals would only serve to prolong the period of doubt undesirably, hence going against the interests of applicants and third parties.

152. The Delegation of Germany indicated that, on first view, the proposal would be attractive to applicants and that it could also bring Offices some benefits because they would collect a fee. Certainly, there were some applicants who would want or perhaps need more time, but some applicants may never want to enter the national phase and would ask for more and more deferrals. The Delegation expressed the view that the proposal would have to be scrutinized carefully to see if it was really justified.

153. The Delegation of China stated that it did not believe that the proposal would benefit all sides in the PCT system. Further deferral of the national phase entry would damage the interests of the public and third parties for the reasons mentioned by other delegations.

154. The Delegation of Brazil stated that it could not support the proposal for the reasons put forward by the Delegations of Mexico, the United Kingdom, Austria and Cuba. Although the Delegation felt that that it was generally good to give the applicant a little more time, in this case, it felt that there could be a serious problem for third parties because it would be 36 months before they knew whether an application was going to enter the national phase.

155. The Delegation of Japan expressed the view that a further deferral of national phase entry might be permitted in response to the specific needs of a particular applicant. On the other hand, the concerns of third parties to monitor the status of the application must be kept in mind to avoid the creation of “submarine” applications or patents. Therefore, the Delegation considered that only a single six-month deferral of the 30-month period for national phase entry could be permitted at the most.

156. The Delegation of Norway did not support the proposal because of the consequences it held for third parties. The Delegation stated that the proposal did not seem to be in line with the agreed general objective of reform, with respect to maintaining an appropriate balance between applicants and third parties.

157. The Delegation of Australia stated that it was opposed to automatically granting an extension of time for failure to meet the time limit for entry into the national phase on the payment of a fee. However, it fully supported extensions of time being available in situations where the applicant had not been able to enter the national phase because of circumstances beyond his control, consistently with Article 12 of the PLT. The possibility of deferral merely on request would affect the rights of third parties. The Delegation noted that every Contracting State had the freedom to provide a longer period if it wished. In its view, it was up to each State to decide in its national interests where the balance between applicant rights and third party rights lay.

158. The Delegation of Denmark stated that it agreed with the opinion of the Delegation of the United Kingdom and other Delegations that the proposal would diminish the rights of third parties.

159. The Delegation of France stated that it had carefully examined the possibility of extending the time limit to enter the national phase by a period of six months. It realized that certain applicants were interested in concluding the international examination so as to enter the national phase with a positive examination report. The Delegation also noted that there could be delays in the establishment of international search reports, within the time limit of 18 months from the priority date. Applicants affected by such delays would perhaps need additional time to take into account the results of the international search report and to be able to respond, later, during international preliminary examination. The Delegation would

therefore not be against a single extension of six months, but this would have to remain the exception. There should be a fee for the extension which should be quite high so that applicants would not systematically request this extension and also, as many other delegations had indicated, to protect the interests of third parties.

160. This extension would have to be confirmed (subject possibly to the payment of a fee) by the applicant and should be confined to those exceptional cases where the applicant had not been able to take full advantage of the international procedure. The Delegation of France also proposed that the Offices before which an international application had entered the national phase should inform the International Bureau accordingly. This mechanism of providing information to the International Bureau should be absolutely binding for Offices, so that the International Bureau could keep a register which anyone interested could consult in order to find out whether, when and where an international application had entered the national phase.

161. The Delegation of Sweden stated that it did not support the proposal, which it felt would introduce considerable uncertainty among third parties.

162. The Delegation of Turkey stated that it did not support the proposal, because, in its view, 30 months was enough time for the applicant to enter national phase. The proposal for further deferrals at intervals of six months would be confusing, especially for third parties.

163. The Delegation of the United States of America recalled that Article 39 provided for national phase entry at 30 months. This built-in deferred national phase entry of the PCT, which at present was limited to 30 months, was often the primary objective of users of the PCT system. However, the desire of many applicants to further defer national phase entry should be accommodated. The Treaty could be modified or amended to provide for the possibility of at least one deferral of six months from the 30th month, upon the payment of a deferral fee. At the same time, of course, concerns of third parties should be kept in mind to avoid the creation of so-called “submarine” applications or patents.

164. The Delegation of the United States of America stated that, while Article 39(1)(b) expressly provided national laws with the flexibility to permit a delay in national stage entry beyond 30 months, there was an opportunity here to look at that flexibility in a balanced way from the perspective of the interests of the applicants as well as the interests of third parties. The Delegation noted that there were probably circumstances where applicants needed or desired to have a delay beyond 30 months for entry into the national stage, for example, where the workload of the International Preliminary Examining Authorities resulted in the very late receipt of the international preliminary examination report, meaning that the applicants could not benefit from it in deciding whether to enter the national phase. Furthermore, it would also be possible to provide an opportunity for third parties to object to an extension. This would help to ensure an appropriate balance between the interests of applicants and third parties.

165. The Representative of OAPI recalled that one of the general objectives agreed by the Committee was that the reform should take into account the interests of the applicants, of third parties and of States. The Delegation of the United States of America, which had put forward the proposal, had spoken of the risk of “submarine” applications, and this was potentially a serious risk. The Representative stated that, in OAPI’s view, 30 months was sufficient, particularly since the PCT allowed countries to permit extensions under their national law. Such extensions should be an exception and not a generalized practice. He accepted that, where there were reasons beyond the control of the applicant, there might be a need to defer national stage entry beyond 30 months and allow an extension of six months.

166. The Delegation of Switzerland stated that it opposed the proposal. As the Delegation of Australia had said, it was up to each State to strike a proper balance under Article 39. In response to a remark by the International Bureau, the Delegation stated that the PLT did not oblige States to provide an extension of time limit for the period of entry into national phase, because extensions under the PLT applied only to time limits fixed by the Office. However, there was certainly an obligation to provide for reinstatement of rights under that Treaty.

167. The Delegation of Australia stated that it could support extensions of time on the basis of circumstances beyond the control of the applicant, such as would be covered by Article 12 of the PLT.

168. The Representative of AIPLA expressed his appreciation for the comments by many delegations regarding the interests of third parties, because every applicant was also a third party in relation to someone else's application. The Representative underlined the importance for AIPLA members of the proposal by the United States of America and its later intervention in relation to flexibility, especially in light of the fact that there was an inconsistency among the various Contracting States as to the way in which they addressed the timing of the examination request and even more importantly for applicants via PCT, the timing for completing the national phase entry. The Representative noted that, as the Delegation of Australia had mentioned, where there were circumstances beyond the control of the applicant, where there had been an unintentional or unavoidable missing of the entry into the national phase, a remedy should be available. AIPLA would be appreciative if a proposal could be referred to the working group whereby a relatively short period of time would be permitted to enable applicants to avoid loss of rights through unintended or unavoidable circumstances.

169. The Representative of APAA proposed the establishment of a separate time limit for filing the translation required for national phase entry, and saw it as generally aligned with the proposal by the Delegation of the United States of America. The representative stated that attorneys who prepared translations of PCT applications for national phase entry sometimes faced the issue that they did not have enough time to prepare the translations because they received their instructions concerning the translation for national phase entry on the day of the deadline of 20 or 30 months from the priority date. This situation could occur where: (i) the applicant failed to monitor the national phase entry time limit; or (ii) the applicant was fully aware of the time limit but delayed while weighing the content of the search report against the cost of further prosecution before the designated Offices. Obviously, translations prepared under such conditions may receive negative reactions from both the national Office and the applicant, inasmuch as the examiner must spend more time on it than on an ordinary application, and the applicant may be required by the examiner to amend the application to correct inappropriate terms or expressions, thus resulting in increased costs. Additionally, third parties may misunderstand the subject matter of an application in cases where the translation is poor. In the view of APAA, a separate time limit after national phase entry could help assure a high quality translation which would produce great benefits for applicants in terms of cost savings, for Offices in terms of avoiding extra workload, as well as for third parties in terms of easily monitoring and understanding the application. Accordingly, the Representative stated the belief of APAA that it would be of great significance to establish such a separate time limit for filing a translation after the national phase entry, and that doing so would address one of the objectives of PCT reform.

170. The Representative of AIPPI stated that he fully supported the intervention of the Representative of APAA.

171. The Representative of FICPI stated that the present balance of interests was the right one for the system to operate, and further suggested that a maximum time limit should be imposed on Article 39(1)(b). At present, it was theoretically possible for any State to extend the national phase entry time limit for many years. The Representative suggested that a maximum for extending this time period, for example, one, two or six months, should be considered. In cases of unintentional failures or omissions to comply with the time limit, there were provisions in the PLT under which, if the applicant could show due care when a requirement had not been complied with, the Office would notify the applicant and give him a period of at least two months to rectify such an omission.

172. The Representative of ABPI stated that he would like to return to the proposal that his organization had made as an alternative to the extension of the time limit for entering the national phase. First, this proposal was in line with the opinion of several Delegations in that it did not extend the 30-month time limit for the entry into the national phase. Instead, that time limit would be preserved but there would be provided the possibility to continue the international preliminary examination, at the request of the applicant, beyond that time limit. The international application would enter the national phase as usual, allowing national Offices to notify that entry for the benefit of third parties. However, the applicant would be entitled to request that substantive examination be delayed in the national phase until the international preliminary examination report had been issued, even if that was beyond the 30-month period. The Representative stated that ABPI was aware that its alternative proposal did not bring the same benefit intended by the United States of America proposal, namely giving more time to the applicant to decide whether or not to enter the national phase. However, it provided a more simple solution.

173. The Representative of JPAA gave his full support for the proposal put forward by APAA.

174. The Delegation of Sudan did not favor the proposal. It associated itself with delegations which had expressed their opposition to the proposal for the reasons given. The Delegation's reasons for opposition were because: (i) the proposal was not consistent with item (vi) of the agreed general objectives; (ii) the proposal would increase the chances of a so-called "submarine" patent; (iii) the subject matter of the proposal should be within the jurisdiction of the national authority in question.

175. The Delegation of Morocco stated that the 30-month delay for entry into the national phase was adequate, but it would support the inclusion of a stipulation within the PCT for the granting of additional deferral periods, as proposed. In order that a balance be established between the interests of applicants and third parties, the Delegation would prefer that the actual term of the deferral should not be decided upon at the moment.

Fee reassessment

176. The International Bureau made two comments in connection with the question of fee assessment. First, the Assembly had been reducing PCT fees successively for several years by applying a reduction in the ceiling of the designation fee. The intention of the International Bureau was to continue that approach. The budget to be discussed in 2001 would provide for a further reduction in the maximum number of designation fees payable, from six to five, with effect from January 1, 2002. A subsequent reduction from five to four designation fees would be proposed for January 1, 2003. Second, any recommendations on fees made by the Committee should be made within a broader context, noting that PCT fees play an important

role in the budget of WIPO as a whole, and not only in the implementation or practice of the PCT.

177. The Delegation of the United States of America, referring to its proposal (see document PCT/R/1/2, Annex, page 5, item (10)), emphasized the fact that its applicants, in general, were calling for a reduction of fees in all patent matters. The essence of its proposal was that all PCT fees, including those payable to the International Bureau, be reassessed so that they were commensurate with the services rendered. Furthermore, fee amounts should reflect the proposed streamlining of workload and reduction of functions due to simplification of work practices by electronic processing. This should result in cost savings for everyone involved.

178. The Delegation of the EPO agreed with the proposal, subject to a proviso that the fees for international search and international preliminary examination should remain under the competence of the respective Authorities.

179. The Representative of ABPI commented on the issue of Office surpluses, suggesting that, even if the intention at the international level was to make fees commensurate with services rendered, at the national level this was not necessarily the case. In several countries, part of the fees collected by patent Offices were retained for purposes entirely different from those of the Offices. Such practices not only jeopardized the operation of the Offices, but revealed contradictions between international aims and their national execution. He would therefore favor a broad discussion of this matter with a focus on the administration of funds by national Offices.

180. The Representative of IFIA reminded the Committee that the views of his organization were set out in its paper (document PCT/R/1/25). He stated that PCT fees were still considered by users to be extremely high, and referred to a report that the average cost of all fees (not just official fees) for obtaining worldwide patent protection was USD 500,000. He noted that PCT fees were subject to a 75% reduction in favor of applicants from countries having a certain level of development. In the opinion of IFIA, even that reduction was too low. Many individual inventors and small and medium-sized enterprises could not afford to use the system, including those in countries which did not benefit from the 75% reduction, such as Norway (where 52% of national inventors were independent inventors). IFIA favored introducing a special reduction for independent inventors and small and medium-sized enterprises, irrespective of their residence or nationality. He noted that such a system already existed in 22 countries, including the United States of America, Canada, the Republic of Korea and Norway, and in the Gulf Cooperation Patent Office.

181. The Delegation of Turkey stated that the fees for international search and international preliminary examination should be reduced and suggested that their levels be controlled by the International Bureau.

182. The Representative of ARIPO stated that he wished to associate himself with the statement of IFIA. Developing countries would appreciate the reduction of fees paid by individual applicants by 75%, but it would be more helpful if this reduction could also include small and medium-sized enterprises. It would also be helpful if more PCT Authorities could reduce their fees for applicants from developing countries.

183. The International Bureau suggested that, of course, the statements that had been made would be included in the Committee's report, which would go to the Assembly. The International Bureau expressed the view that the right forum for discussing the International

Bureau's fees would be the Program and Budget Committee of WIPO, which would meet in September 2001, and then the WIPO Assemblies, noting the close connection with WIPO's budget. As regards the international search fee and the international preliminary examination fee, the fixing of their amounts would remain within the competence of the International Searching Authorities and International Preliminary Examining Authorities concerned. The plea that had been addressed to them would appear in the Committee's report so that they could consider this question themselves.

Reenergize technical assistance under PCT Articles 51 and 56

184. The Delegation of the United States of America, acknowledging the development cooperation activities which have already been undertaken by the International Bureau, stated that, as noted in the general objectives, further efforts should be made to respond to the needs of developing countries with regard to technical assistance (see document PCT/R/1/2, Annex, page 5, item (12)).

185. The Delegation of Congo agreed with the importance of the general objective, also present in the Patent Law Treaty, of strengthening assistance to developing countries. It noted that, in many Offices in developing countries, there were difficulties related to computer systems, as well as to the network system which was to be implemented in French-speaking countries, and that WIPO's contribution in these matters was important. The Delegation also observed that the proposed reduction of fees under the PCT was a good thing and that such reductions should continue.

186. The Representative of ABPI referred to the proposals by Cuba in document PCT/R/1/4, and stated that there would be substantial advantages in regionalizing the Searching and Examining Authorities, although he could not share, at this moment, the idea of creating a new super-national Authority. The Representative expressed the view that the technical assistance provided under Articles 51 and 56 should aim to assist more national Offices to become International Searching and International Preliminary Examining Authorities, in order to provide for a better distribution of these activities.

187. The Delegation of the Netherlands expressed its view that the proposal could be carried out even if there was no PCT reform. The two Articles could be re-energized independently of the matters being discussed by the Committee. The Delegation stated that the proposal would be better pursued in another framework. The Delegation reminded the Committee that in 1978 the scope of Article 56 had been, in a sense, considerably reduced when all matters concerning patent information and documentation had been brought together under the aegis of the then Permanent Committee on Patent Information, whose successor was now the Standing Committee on Information Technologies. The PCT Committee for Technical Cooperation which was established by Article 56 in fact had a mandate which was far less than one would take from reading that Article. The Delegation stated that the matter of re-energizing the Article was properly a matter for the Standing Committee on Information Technologies rather than this Committee.

188. The Delegation of Sweden indicated that it had the same question as the Delegation of the Netherlands, and suggested that, in respect of PCT Article 56, the International Bureau produce a report on the development of the PCT Committee for Technical Cooperation for the Standing Committee on Information Technologies.

189. The Delegation of Morocco expressed its support for the proposal concerning technical assistance under Articles 51 and 56 since this would assist developing countries in the use of

the PCT system. It stated that this assistance should also include electronic filing under the PCT.

190. The Representative of AIPLA, noting that he also served as a member of the Board of Directors of the Intellectual Property Owners' Association (IPO), noted that both organizations had a number of committees and councils which provide assistance and education, and stated his desire that Delegations recognize that attorneys in the United States of America were interested in trying to promote international patenting via the PCT.

191. The Delegation of South Africa strongly supported the proposal. It stated that it would like to see more assistance to developing countries, particularly in the field of information technology.

192. The Delegation of the United States of America expressed its agreement with the statement by the Delegation of the Netherlands that the Committee for Technical Cooperation should be reorganized, since it was key to the resolution of issues such as the PCT minimum documentation. One idea would be that the Committee for Technical Cooperation could be absorbed into the Standards and Documentation Working Group under the SCIT.

193. The Delegation of Egypt stated that it supported the proposal for technical assistance, especially in order to be able to handle the electronic filing procedure.

194. The Representative of ARIPO expressed his appreciation to the United States of America for the proposal. He also pointed out that the technical assistance offered at present did not cover all the activities concerned with the Standing Committee on Information Technologies. There were still many areas of technical assistance where the PCT and WIPO could further help developing countries. He supported the proposal and would like to see it forwarded to the working group.

195. The Delegation of Kenya supported this proposal and also welcomed the sentiments expressed by the Representative of AIPLA.

196. The International Bureau, referring to the statements made by the Delegations of the Netherlands and the United States of America and by the Representative of ARIPO, noted that absorption of the Committee for Technical Cooperation (PCT/CTC) into the Standards and Documentation Working Group under the Standing Committee on Information Technologies (SCIT) would require careful consideration, since the PCT/CTC was, in particular, charged with giving advice under Article 16(3)(e) of the PCT to the PCT Assembly on the appointment of any new PCT Authority – a matter which was solely for PCT Contracting States – whereas membership of that Working Group under SCIT was not limited to PCT Contracting States. In the view of the International Bureau, that matter as well as the broader issue of technical assistance should be dealt with by other organs of WIPO than this Committee or the proposed working group, since they touched upon the ongoing institutional reform of the Organization as well as cooperation for development activities in general.

197. The Delegation of Ecuador stated that it fully supported the proposal. Technical assistance was indispensable for programs carried out in national Offices. The Delegation also fully supported what the International Bureau had said on this item, which clarified what should be interpreted from the questions asked by other delegations, with regard to re-energizing and maintaining Article 56. The Delegation stated that it was important that Article 56 be maintained and noted that the proposal had received full support within the Committee. In view of this broad consensus, the Delegation suggested that the working group

might not be the best place to consider the matter and that, instead, it should be included in the recommendations to the Assembly.

198. The Delegation of Azerbaijan stated that it supported the idea of technical assistance for developing countries under Articles 51 and 56.

Other proposals

199. The Committee noted that, in accordance with the decision of the PCT Assembly (see document PCT/A/29/4, paragraphs 51 and 58), consideration of the proposals contained in document PCT/R/1/2 under the heading “Second Stage of Reform” was deferred to a later date.

200. The Delegation of the Netherlands noted that a number of the proposals that it had made in document PCT/R/1/3 would involve a revision of the Treaty itself, rather than amendment of the Regulations. Since it did not appear to be the intention of the Committee that the first stage would involve a revision conference under Article 60, it would seem to make little sense to discuss those proposals in detail. Certain proposals made by the Netherlands could, however, be taken up in connection with proposals already discussed by the Committee. Details of those proposals were noted by the International Bureau with a view to taking them into account in the documents to be prepared for the working group. The Netherlands’ proposals for revision of the Treaty should, however, be also taken into account when the working group was considering other proposals which would require revision of the Treaty. This was particularly the case for those proposals which in fact would bring the Treaty into line with existing practice (for example, its proposal relating to the duration of the budget term, and to the never-established Executive Committee). Its proposal relating to the Committee for Technical Cooperation could be taken up in the context of the re-energizing of technical cooperation that the Committee had agreed should be pursued. Other proposals, such as those relating to successor States, to the TRIPS Agreement, and to the Rule 19.4 procedure would also merit consideration when a revision conference was being contemplated.

201. The Delegation of the Netherlands recommended that certain other of proposals might be more difficult to deal with and would merit detailed consideration by the Committee. Those included its proposals relating to the confidential nature of the international examination and the question of divisional applications.

202. The Delegation of Australia announced that, as of May 24, 2001, a number of significant changes had entered into force in relation to both the Australian patent law and to the organization and practices of the Office. The first was a change in the patent legislation which meant that applicants could no longer file for a petty patent but could instead apply for an “innovation patent.” Second, the majority of the changes necessary to give effect to the PLT had now been incorporated into the Australian legislation. Thirdly, the Office’s computer systems had been completely redeveloped in order to be able to store and handle documents electronically in a virtually paperless environment. In conjunction with this redevelopment effort, and consistent with the Australian government’s digital agenda, which required agencies to put systems in place to deal with clients electronically, at their option, by July 1 and to have online dealings with clients by the end of 2001, the systems redevelopment included on-line communication for innovation patents which itself included electronic filing as part of the general on-line communication. It was expected that this system would be extended to all patents and to all transactions within 2001. For those delegations which had been involved in the previous discussions on electronic filing, the Delegation reviewed a few

of the technical details of its electronic filing system, namely that it followed the document format requirements contained in the draft PCT electronic filing standard, was based on the use of an SSL connection with server-based PKI, and user ID and password for the user authentication. The Delegation stated that in the future it was envisaged to enable other communication channels such as dedicated secure connections to major users and, if appropriate, user side PKI certification. Finally, noting the comments of the various user representatives, it stated that it was sensitive to the need for common software standards and for making sure that systems were as good and compatible as possible, and expressed its intention to work with its end-users to achieve that end.

203. The Delegation of the United States of America expressed its congratulations to Australia on the exciting events reported by its Delegation.

FUTURE WORK

204. Concerning the indications in the proposal of the United States of America relating to the timing for a Diplomatic Conference, the Delegation of the United States of America stated that the proposal reflected its attempt to forecast what would happen but that it did not see the date of 2005 as necessarily limiting. It would be a positive development if progress could be made more quickly. The Delegation expressed its strong feeling that the working group should focus its energies on two general tasks: first, discussing changes that could be put in place fairly quickly, with the hope that draft rules would emanate from the working group for implementation as soon as possible, after transmittal to the Committee and then the Assembly; and second, the working group should at the same time spend a portion of the time in its meetings working on and discussing changes to the Treaty Articles. The Delegation felt that this was a very important aspect of PCT Reform, and that, as pointed out by the Delegation of the Netherlands in its proposal, there were many matters in the Treaty that could be dealt with very quickly in terms of making it more consistent with current practice. Also, there were revisions to the Treaty that could be undertaken in conjunction with some of the Rule changes that the working group would be considering. In addition, the working group should have within its mandate the ability to make other recommendations for change to the Treaty as appropriate and as proposed by other delegations.

205. The Committee agreed to recommend to the Assembly that between the September 2001 and September 2002 sessions of the PCT Assembly, there should be three meetings devoted to the reform of the PCT: two meetings of a working group that would report to this Committee, and the second session of the Committee itself. The working group should meet once before the end of 2001 and once in March or April 2002. The working group should consider the matters set out in paragraphs 69 to 75, above, in the light of the general objectives set out in paragraph 66, above, on the basis of drafts to be prepared by the International Bureau. The results of the work of the working group would be submitted to the second session of the Committee. The objective would be to have a first set of Rule changes adopted by the Assembly in September 2002, in coordination with the preparation of further changes, including changes to the Treaty itself. Further discussion, including discussion of longer-term proposals, would take place after September 2002.

206. The International Bureau stated that the working group would be expected to attract fewer attendees than the Committee since the issues discussed by it would in any case be revisited by the Committee before deciding whether to submit them to the Assembly. However, all the States, Authorities, intergovernmental organizations and non-governmental

organizations invited to the Committee's first session would be invited (in the same capacity as they were invited to attend meetings of the Committee) to each meeting of the working group, in order to ensure maximum transparency in its work.

207. The Committee unanimously adopted this report on May 25, 2001.

[End of Annex and of document]