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**INTERNATIONAL PATENT COOPERATION UNION
(PCT UNION)**

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

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**REFORM OF THE PCT:
PROPOSALS BY SPAIN**

Document prepared by the International Bureau

1. The proposals appearing on the following pages were made by Spain in a submission to the International Bureau received on May 14, 2001. Background information appears in document PCT/R/1/2.¹

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

¹ The working documents for the Committee's session are available on WIPO's web site at the following address: http://www.wipo.int/pct/en/reform/index_1.htm The Spanish text of the proposals appearing in document PCT/R/1/22, as submitted by Spain, is also available at that address.

DOCUMENT SUBMITTED BY THE
SPANISH PATENT AND TRADE MARK OFFICE
ON THE REFORM OF THE PATENT COOPERATION TREATY

I. INTRODUCTION

Spain's observations on the reform of the Patent Cooperation Treaty (PCT) are based on a number of considerations that take into account the current structure of the PCT and its operation, together with those founding principles which made it possible to attain an international consensus in order to achieve an international patent system.

The document number PCT/R/1/2, submitted by the United States of America, contains a number of proposals with a view to amending the PCT, which impact directly on substantial aspects and procedures of the PCT system.

This reform proposal alters the PCT Treaty substantially. It contemplates changes as important as the elimination of the concept of designations or the elimination of the requirements of nationality and residency, the consequences of which require an in-depth examination. We understand that the change of a system which has more than demonstrated its effectiveness, backed by a constant increase in the number of users of the system and the growing expansion of its area of geographic coverage encompassing more than 110 countries, must be undertaken in such a way as to guarantee the existing legal security of the Treaty and within the current framework of international protection for inventions. The present equilibrium of the PCT system must be maintained, as it has been widely accepted by both active as well as passive users of the system on account of its optionality, its reliability, its decentralization and its linguistic diversity.

In this regard, in addition to analysing the document PCT/R/1/2, Spain is submitting several constructive proposals which respect the fundamental pillars of the system.

II. ANALYSIS OF THE DOCUMENT PCT/R/1/2

As a preliminary observation, it is important to point out that the PCT should be a system open to accession by regions that are presently outside of it. In this regard, the reform of the PCT should not curtail the current growing trend of new members joining the Treaty.

In general, the proposal contains some aspects geared towards the rationalization and simplification of the PCT procedure, or towards the accommodation of the Treaty to the recently approved Treaty on Patent Law (PLT), which can be considered advisable from the viewpoint of the efficiency of the system. However, in other aspects, the proposals have strong repercussions on the system and, instead of improving it, they are largely detrimental to it.

Elimination of the Concept of Designation

The text of the proposal leads us to conclude that it is putting forward a system where "the filing of an international application would automatically constitute the filing of an international application for all of the States belonging to the PCT."

In the current PCT system, the priority period is extended, and the date of entry into the national stage is delayed, consequently, in those countries expressly designated in the international application. The applicant obtains advantages from this procedure, at the same time as the National Offices designated know that the Invention is going to be protected in their territories. This extension of the deadline established in Article 4 of the Paris Union Convention is linked to the express designation of those PCT Member States in which protection is sought. Now then, the elimination of the designations brings with it the legal consequence of upsetting the present balance by extending the period of priority established in Article 4 of the Paris Union Convention in a generalized manner and without being subject to any other condition. Within the PCT system, the applicant obtains the advantage of deferring entry into the national stage up to 20 or 30 months. This proposal puts into doubt the equilibrium between applicants and recipients of the patent system, which is ensured in Article 4 of the Paris Union Convention establishing that the priority period for patents of invention is twelve months. This means that a significant legal insecurity for industry will be created within the very heart of the Treaty. Thus, States, on not being designated, are not aware of whether the invention is going to be patented in them until such time as the said periods have transpired. This involves an excessively lengthy waiting time, during which decisions cannot be made and market strategies cannot be planned on a national level.

Finally, the applicant would also have the possibility of abandoning the national procedure in those countries not of interest to him, whereby the concept of designation would continue to exist implicitly, although not in the early stages of the process. If the designation were to occur on entry into the national stage, the applicant would have obtained sleeper rights in the countries not chosen in the end throughout all of that time, without having made any payment whatsoever and without having made an express request, in detriment to the rights of the passive users of the system in those countries. This appears to exceed the scope of the right established at the present time for a PCT international patent application, as the application grants a right which will be completed in each designated country once the granting or refusal of the application is determined. In the present PCT system, the express payment of only 6 designations already brings about automatically the designation of 111 countries in the system, a circumstance which already provides a great facility to applicants.

For the reasons set out above, the adoption of this reform proposal is considered to be detrimental to the PCT system.

Elimination of the Residency and Nationality Requirements

The goal pursued with the modification of these requirements can be achieved by application of Article 9, paragraph 2 of the PCT, which empowers the Assembly to allow the filing of international applications by residents or citizens of any country which is a party to the Paris Union Convention and is not a party to the Treaty. This provision means that it is not necessary to amend Article 9 paragraph 1 or Article 10.

Conform Filing Date Requirements to those Established in the Treaty on Patent Law

The proposal put forward in document PCT/R/1/2 does not refer merely to formal requirements, as are established in the Treaty on Patent Law, but rather is a substantive change. Thus, it is not restricted to an accommodation to the PLT, but rather involves a profound change in the PCT system overall. The proposal mixes, on the one hand,

substantive requirements, by determining who can file an application in the framework of the PCT, and on the other, strictly formal requirements for filing.

In this regard, if the residency or nationality requirements are eliminated, the concept of Receiving Office of the international application will disappear, and with it, one of the core elements of the system. According to this proposal, any Office may be a Receiving Office, which involves a unnecessary complication for, and a substantial alteration of the PCT system, which is not justified by the reasons of simplicity adduced.

In view of the foregoing, the residency or nationality requirement should be maintained if serious dysfunctions are not to be created in the successful PCT system.

Insofar as point (1)(ii) under Article 11 of the PCT, referring to the date of filing and the effects of the international application (the international application is written in the language provided for) and (iii), (other elements) the Receiving Office must be provided the name and the address of the applicant in that Office's language.

These considerations apply to the other related questions, such as, for example, the accommodation to the PLT of those requirements called "omitted parts".

Availability of Multiple Searches and Examinations

1. This proposal does not simplify the work but rather, on the contrary, complicates it unnecessarily. The procedure would undergo delay, in detriment to the applicant. In addition, the capacity of the Search and Examination Administrations to prepare the international search and preliminary international examination report is also put into doubt. This is so, on account of including in the Treaty itself the possibility of repeating a job already performed by other Administrations that comply with all of the quality assurances required in Articles 16 and 32 of the PCT. The proposal contradicts the principle of economy of means, cost-saving and simplification of processing. For these reasons, we understand that the proposal contributes no advantage whatsoever with respect to the present system and what it does do, is to complicate it unnecessarily.

2. In the second paragraph reference is made to a Global International Search Administration. This would involve excessive centralization. It goes against the division of work among the Offices, which is a fundamental element of efficiency of an international system such as the PCT which, we must keep in mind, does not replace the national granting procedures. Also, the dissemination of the technological information, which is a vital objective for technological development, would be affected by the excessive centralization. Finally, the physical proximity of the applicants and inventors to the Administrations has been shown to date to be a crucial factor for the success of the system, among other reasons, on account of the important linguistic element. An excessive centralization would give rise in the long term to poor service provided to users due to problems of an increased workload, lack of specialised personnel or lack of production.

Elimination of the 20-month Deadline for Entry into the National Stage

The elimination of this deadline could pose problems of legal security if it is coupled with the elimination of the designations, because industry cannot remain indefinitely in a situation of incertitude until such time as the applications enter into the national stage.

Further Deferrals of the Maximum Limit of Thirty Months for Entry into the National Stage, in the Case of a Preliminary International Examination

In cases where the intention to undergo the preliminary international examination is announced, with the consequent maximum period of thirty months, the proposal provides for the possibility of the applicant's obtaining, by means of the payment of a fee, successive additional extensions for entry into the national stage.

Such a possibility should be rejected, because new extensions for entry into the national stage would aggravate the problems of legal security and would arbitrarily prolong the situation of incertitude in industry until such time as the applications would enter the national stage, as has already been indicated with respect to the elimination of the maximum period of twenty months. This proposal extends the period granted to active users of the system (applicants) for maintaining sleeper rights in certain countries even longer, without cost or with a very minimum expense, in detriment to the rights of the passive users of the system. "Submarine patents" would inevitably appear.

Combination of Search and Examination

The combined search and examination procedure increases efficiency and would speed up the procedure in the international stage by reducing the lapse of time between search and examination. In addition, it is congruent with relevant international instruments in the field of patents on a regional level such as the European Patent Convention, in which the combined search and examination procedure has been adopted within the granting procedure of European patents.

Thus, the proposal could be of interest, but on the condition that the applicant is allowed to choose either the combined search and examination procedure or solely a search. The reason for this stems from the fact that the fees will undergo a substantial increase in order to meet the costs both of the international search as well as of the examination. In the case of small and medium-size companies, this could involve excessively high fees which could discourage them from using the PCT system. If the procedure is optional, all of the possible interests affected, of all kinds of applicants, are taken into account. This is a measure that will not prejudice those applicants who prefer the combined search and examination option.

III. SPANISH PROPOSALS

1. *Residency and Nationality Requirements*

Maintain the present terms of the residency and nationality requirements. In this regard it is very important to preserve the incentive of the accession of new States to the PCT and thus reinforce its growing importance in the world context. This expansion of the number of beneficiaries of the PCT should be made following the principles of national sovereignty and legal security, achieving the accession of the largest possible number of members in order to thus ensure an equitable power of decision and the specific weight of each State and not by means of the elimination of the residency and nationality requirements. In addition, for the good of the system and gate of the Paris Union Convention.

Regarding residency and nationality requirements related to the competent Receiving Office, content of Article 11(2) should be harmonised in terms of adopting a favoured line to the applicant, such as it is established under Rule 19.4.

2. *Designation System*

Maintain the designation system, in order not to upset the present equilibrium between the interest of the applicant and the interest of the competitive industry. Through this system, and within a reasonable period of time, the necessary information is made available for the industry to plan its decisions and its business strategy.

3. *Optional Nature of the Preliminary International Examination*

Introduction of the applicant's possibility to choose between the combined preliminary international examination and international search, or solely the international search. The optional nature of the preliminary examination offers small and medium-size companies, particularly those companies using the patent system, a more flexible, less-costly and better instrument, appropriate to their needs and strategies. The optionality could be considered within the framework of the PCT itself with a specific fee that would be added on to the basic fee.

4. *Translation of the Application*

The delay in the publication of applications in the national language brings about a situation in which third parties are unaware of the content of an invention in their own language for a lengthy period of time.

For this reason, the following proposal should be included in the Treaty:

“Each Member Country shall have the power to establish that the applicant, in order to be entitled to maintain a designation, must deposit in the National Office a translation of the application into the language of the country, within a period of three months following the publication of the PCT Patent application.”

5. *Introduction of a Claim Fee as a Part of the International Search Fee*

The inclusion of a fee in relation to the claims contained in the application filed, within the international search fee which the Administration in charge of the international search is entitled to charge, would be of interest particularly in order to meet the costs inherent to the examination of certain applications having a high number of claims, as occurs with certain biotechnological inventions. The criterion for the determination of such a fee should be the number of claims.

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