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COMMITTEE ON REFORM
OF THE PATENT COOPERATION TREATY (PCT)

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REFORM OF THE PCT:
PROPOSALS BY THE REPUBLIC OF KOREA

Document prepared by the International Bureau

1. The proposals appearing on the following pages were made by the Republic of Korea in submissions received by the International Bureau on January 31 and March 30, 2001. The proposals received on January 31 appeared in document PCT/R/1/5 and are reproduced as section 9 (see pages 4 to 7) of this document, which supersedes document PCT/R/1/5. 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

KOREAN INTELLECTUAL PROPERTY OFFICE
REPUBLIC OF KOREA

KIPO PROPOSALS FOR PCT REVISION

Introduction

The Republic of Korea supports the reform of the Patent Cooperation Treaty (PCT) which is designed to simplify PCT application procedures and to enhance the user-friendliness of the PCT system. Even though the PCT system has been successful from the viewpoint of the increase in the number of applications, the PCT system is still considered to be relatively complex. In the process of PCT reform, the construction of an electronic procedural environment such as WIPO-NET and intellectual property digital libraries (IPDLs) should be given proper consideration.

The most important aspect in the process of PCT reform is to embrace mutual understanding of various viewpoints and reconcile the different opinions among the Member states. The Special Body for PCT reform therefore must pay careful attention not to exclude the views of minority Member states, but to establish a compromise that would be readily accepted by all Member states. Bearing the cooperative spirit succinctly described supra, Korea hereby presents proposals on PCT reform as follows:

1. *Elimination of the concept of designation*

The elimination of the concept of designation will conceivably result in the elimination of the designation fee. Korea recognizes that this proposal would improve the applicants' convenience in conformity with the rationale behind this PCT reform proposal by simplifying the PCT application procedure and the PCT fee structure. However, it should be emphasized that the establishment of the PCT electronic filing system is a prerequisite for the elimination of the concept of designation because without the PCT electronic filing system, the workload of each Designation Office (DO) would be overwhelming. It is expected that the total number of PCT applications would reach about 100,000 this year. If the concept of designation is discarded, every DO would keep track of and store every document related to the PCT applications in their own offices for a considerable period. Today, most of DOs do not have the capacity to accommodate and process the DO-related documents for about 100,000 PCT applications per year. Therefore, it is necessary for WIPO as well as all DOs to prepare for the electronic processing of their functions before the elimination of the concept of designation.

2. *Elimination of all residency and nationality requirements*

The objective of this proposal may be understood that residency and nationality are obstacles in expanding the user base for the PCT system. This proposal surely removes the barrier for applicants in non-contracting states not to use the PCT system for the acquisition of foreign protection for their inventions. However, the requirements of residency and nationality are to insure the smooth processing of PCT applications, facilitating the prompt and accurate flow of communications between the applicants and Receiving Offices (ROs). It is conceivable that this proposal would impede the efficient processing of PCT applications because of the extended time required for formality examination by ROs.

3. Conformation to the PLT

The major issue of this proposal is to conform the PCT provisions of the filing date requirements and the “missing part”-type requirements to those of the PLT. Korea understands that the conformation to the PLT would streamline the PCT filing procedures from the viewpoint of the PCT users. Therefore, Korea agrees with this proposal in principle in terms of improving users’ convenience by converging the national practice and international practice for the acquisition of foreign protection of an invention.

4. Readjustment of the role of ISA and IPEA

(1) Availability of multiple searches and examinations

The international search and preliminary examination are basically preliminary and non-binding to those designated countries. In this regard, there is no reason to prohibit the PCT applicants from choosing more than one International Search Authority and International Preliminary Examination Authority for the purpose of multiple searches and examinations. Furthermore, these multiple searches and examinations would be beneficial for the PCT applicants in deciding whether or not to enter into the national stage of particular designated countries and regions. However, Korea notes that multiple searches and examinations may result in further delay of entering into a national stage.

(2) Regionalization of current search/examination authorities

Korea recommends a careful approach to the issue of the regionalization of search/examination authorities. This regionalization may result in narrowing the choices of applicants for search/examination authorities for their PCT applications.

5. Elimination of the concept of demand

The concept of demand is based upon the artificial division of the international phase of the PCT system. International search in Chapter I is a required procedure that all PCT applicants should go through without exception, while international preliminary examination in chapter II is an optional procedure that PCT applicants may not choose to go through. The selection rate for international preliminary examination differs from country to country. For example, only 30% of Korean PCT applicants choose international preliminary examination, while about 80% of U.S. PCT applicants undergo the chapter II procedure of the PCT international phase. Korea believes that the considerable number of PCT applicants in developing countries do want to enter the national phase only after chapter I of the PCT system (international search). Making the chapter II procedure compulsory may impose material burden upon PCT applicants because they have to pay more fees for preliminary examination that they do not want to take advantage of. Therefore, Korea emphasizes that PCT reform must underscore the benefit and desire of the applicants more than the simplification of the PCT system.

6. Accommodating further deferral of national stage entry

PCT Article 39 provides for national stage entry at 30 months. It is true that many PCT users appreciate the built-in deferral of national stage entry of the PCT up to 30 months. In this regard, further deferral at the six-month interval of national stage entry may accommodate the

desire of many applicants. However, the possible further deferral also raises an equity issue among intellectual property owners worldwide. Korea notes that it is desirable to develop the IP system in the direction of encouraging the use of intellectual properties for better economic growth of a society. At the same time, an IP legal system needs to maintain the fine balance between the private interest of IP owners and the public interest of economic development. In this regard, Korea's concern is that further deferral of national stage entry may shift the balance toward the private interest of IP owners, inducing the creation of submarine patents. Therefore, the issue of this further deferral needs to be carefully evaluated.

7. Fee reassessment, reduction/elimination of formalities review or handling of applications, reenergize technical assistance under PCT Article 51 and 56

Korea fully supports the idea of the fee reassessment for the cost reduction effect to the PCT applicants, which is properly considered on the basis of the streamlined and simplified PCT procedures. We also agree to the proposal of reducing or eliminating the formality examination and handling function carried out by the PCT authorities as well as International Bureau. Korea notes that the adoption of electronic filing and processing system would help to reduce the workload of PCT authorities.

As to the technical assistance under PCT Article 51 and 56, Korea believes that it be made more substantial for the developing countries, particularly, in relation to the establishment of WIPONET.

8. Electronic international publication and transmission of search/examination results

With the successful implementation of the WIPO-NET project and electronic filing and processing system, we could foresee more efficient PCT procedures and have no objection to this proposal.

9. Language of the international application and translation for the purposes of international search and publication²

(1) Introduction

A PCT applicant who files in a non-publication language, shall submit a translation in a publication language for international publication. (Article 21) Due to the inconsistency of the current PCT provisions with regard to responsibility for preparing and submitting the translation, international filings prepared in a non-search language are treated more favorably than those prepared in a search language are, even though both filings are based in a non-publication language.

For a PCT application filed in a non-publication and non-search language, the applicant by herself assumes full responsibility for preparing and submitting the necessary translation for international publication. (Rule 12.3) The applicant has to prepare and submit the translation within a specified time limit. Also, the recipient office for the translation is the Receiving Office at which the PCT application is originally filed. Where the applicant fails to prepare

² Section 9 contains proposals which appeared previously in document PCT/R/1/5, which is superseded by the present document.

and submit the translation and, if applicable, any late fee in due course, her PCT application shall be regarded as withdrawn and the Receiving Office shall take an action of declaring the PCT application as withdrawn.

However, when a PCT applicant files her PCT application in a non-publication, yet a search language (a language accepted by an International Searching Authority which carries out international search for the application), totally different set of standards are applied. (Rule 48.3) In such a case, the International Searching Authority instead of the PCT applicant shall take final responsibility to prepare and submit the translation for international publication. Therefore, although the applicant does neither prepare and submit the translation nor pay for an applicable translation fee, her PCT application may proceed and complete the international phase of the PCT system since a third party, the International Searching Authority, should finally bear the cost and the time to prepare and submit the translation on behalf of the PCT applicant's benefit. Although the International Searching Authority may invite the PCT applicant to pay for the translation fee, the applicant may easily ignore such invitation because she is not penalized nor disadvantaged by doing so.

Such PCT provisions may induce PCT applicants to go through international filing procedures without due diligence. The operation of the translation-related provisions is based upon voluntary and good faith compliance of a PCT applicant since the PCT rules do not contain any penalty provision against non-compliance. In addition, the International Searching Authority's invitation to make a translation fee payment is not backed by any enforcement power to collect the translation fee from a PCT applicant. Therefore, if a PCT applicant would intend to take advantage of the provisions, the applicant would become unjustly enriched by savings of time and translation costs without any disadvantage.

In addition, under the above provisions, the International Searching Authority is wrongfully burdened with the execution of an extra task of which the beneficiary is not the Authority itself but a negligent or a bad faith PCT applicant. Where an International Searching Authority carries out international searches in a non-publication language, the Authority has the good will in improving the convenience of PCT applicants and promoting international filings through the PCT system. Despite such good will, the International Search Authority has to absorb the final responsibility for the translation preparation and submission which should have been allocated to PCT applicants. Where a PCT applicant who filed in a non-publication, yet a search language, would negligently or intentionally not prepare and submit the necessary translation, the International Searching Authority can only invite the applicant to pay translation fees for the translation. If the applicant ignores or does not respond to such an invitation, the International Searching Authority does not have any resolution or remedial method to redress its own costs and time for the preparation and submission of the translation.

Furthermore, when a PCT applicant would intentionally pursue a course to take advantage of the translation-related provisions, a serious unfairness issue can be raised among PCT applicants. Among those who file in a non-publication, but a search language, preparation cost for the translation would usually account for the single largest cost factor in the international filing procedure. If one who does not bear the translation cost would be guaranteed under the PCT system to enjoy the same benefit as others who bear the translation cost, the PCT system would not be regarded as impartial and equitable.

The PCT system needs to be operated on the basis of fairness and equity. The one who does benefit must bear the cost of the benefit. The ultimate beneficiary of a PCT application is a PCT applicant herself since this whole PCT procedure is for her to obtain intellectual property rights called patent or utility model, etc in various countries. Therefore, the responsibility of preparing and submitting the translation for international publication needs to be assigned to the PCT applicant herself, not to an International Searching Authority which carries out international search in a non-publication language in favor of the PCT applicants as well as the PCT system as a whole. When the PCT applicant fails to fulfill her responsibility, she should bear the consequences. By doing so, the PCT system will enhance its consistency, improve its fairness and equity, and reduce unwarranted burden of an International Searching Authority.

(2) Revision proposal

1. The PCT rules are revised to apply the same principle to both a PCT applicant who files in a non-publication and non-search language and a PCT applicant who files in a non-publication, but a search language. Regardless of the language of international filing, a PCT applicant will be responsible for preparing and submitting the translation for international publication. The only advantage for a PCT applicant who files in a non-publication, but a search language is that due to submit the translation is not a month from the international filing date, but 14 months from its priority date.
2. If a PCT applicant fails to prepare and submit the translation within the due time, she may be given one-month grace period to prepare and submit the translation, subject to, if applicable, a late submission fee.
3. Under the revised PCT rules, the recipient of the translation is a Receiving Office, not an International Searching Authority. Therefore, when the Receiving Office receives any translation for international publication, it shall transmit the translation to the International Bureau for international publication.
4. Where a PCT applicant fails to prepare and submit the translation and to pay any applicable late submission fee even after the one-month grace period, her PCT application shall be regarded as withdrawn and declared so by the Receiving Office.

(3) Draft provisions of proposed revision

1. Change of title of Rule 12 from “Language of the International Application and Translation for the Purposes of International Search” to “Language of the International Application and Translation for the Purposes of International Search and Publication”
2. New insertion of Rule 12.4 as follows:

12.4 Translation for the Purpose of Publication

- (a) Where the language in which the international application is filed is not the language of publication, but accepted by the International Searching Authority that is to carry out the international search, the applicant shall, within 14 months from the priority date, furnish to the Receiving Office a translation of the application into the language prescribed under Rule 48.3(b).

(b) Paragraph (a) shall not apply to the request nor to any sequence listing part of the description.

(c) Where, by the time 14 months have lapsed since the priority date, the applicant has not furnished a translation required under paragraph (a), the Receiving Office shall invite the applicant to furnish the required translation and to pay, where applicable, the late furnishing fee referred to in paragraph (e), within one month from the date of the invitation.

(d) Where the Receiving Office has sent to the applicant an invitation under paragraph (c) and the applicant has not, within the applicable time limit under paragraph (c), furnished the required translation and paid any required late furnishing fee, the international application shall be considered withdrawn and the Receiving Office shall so declare. Any translation and any payment received by the Receiving Office before that Office makes the declaration under the previous sentence and before the expiration of 15 months from the priority date shall be considered to have been received before the expiration of that time limit.

(e) The furnishing of a translation after the expiration of the time limit under paragraph (a) may be subjected by the Receiving Office to the payment to it, for its own benefit, of a late furnishing fee up to 50% of the basic fee.

3. Deletion of the unnecessary part and streamlining of Rule 48.3(b) as follows:

Rule 48.3 *Languages of Publication*

(b) If the international application is filed in a language which is not a language of publication and no translation into a language of publication is required under Rule 12.3(a), that application shall be published in English translation.

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