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

WORKING GROUP ON REFORM OF THE PATENT COOPERATION TREATY (PCT)

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OPTIONS FOR A POSSIBLE REVISION OF THE
PATENT COOPERATION TREATY (PCT)

Document prepared by the International Bureau

BACKGROUND

1. At its thirty-first (18th extraordinary) session held in Geneva from September 23 to October 1, 2002, the Assembly of the PCT Union unanimously approved recommendations of the Committee on Reform of the PCT ("the Committee") as to the work program in connection with reform of the PCT, including a recommendation that PCT reform should focus on issues of two kinds: (i) a review of proposals for reform which had already been submitted to the Committee or the Working Group, but not yet considered in detail; and (ii) options for revising the Treaty itself (see document PCT/A/31/10, paragraph 44, referring to document PCT/R/2/9, paragraphs 135, 136, 140(i) and 140(ii)).

2. A list of all outstanding proposals for reform which had already been submitted to the Committee of the Working Group, but not yet considered in detail, is contained in document PCT/R/WG/3/1. The present document discusses various possible means by which the Treaty itself might be revised.

3. It should be noted that the present document does not advocate a substantive revision of the PCT. Rather, it seeks to commence a process of exploration and reflection on the possible ways in which a modified PCT might be introduced should the Member States of the PCT

Union decide that modification of the existing Treaty and the system that it establishes is desirable.

4. It should also be noted that the eventual options for introducing a modified PCT system will be conditioned by the nature and extent of the modifications that may be envisaged. The principal issue here will be whether the envisaged modifications are:

(i) compatible with the operation of the existing PCT system (for example, by the addition of further optional elements to the existing system, or by the introduction of changes that can co-exist with the present system without significant inconvenience to applicants, Offices, Authorities, the International Bureau or the interested public); or

(ii) incompatible with the operation of the existing PCT system because they involve such fundamental changes that the existing and the revised provisions and procedures cannot co-exist without confusion, excessive transaction costs for applicants, Offices, Authorities, the International Bureau and the interested public and, thus, the loss or abandonment of the major advantages and successes that have been achieved in the 24 years of operation of the PCT.

5. The distinction set out in the preceding paragraph is crucial and suggests that the early identification of the intentions of the Member States with respect to the nature of possible future reform is essential. The PCT is an integrated international system for filing, and for certain stages of the processing of, patent applications that is deployed in a majority of the countries of the world. It creates multiple dependent relationships between national and regional offices, applicants and their professional advisers and industry, research institutions, courts and other instances interested in the timely publication and accessibility of information concerning the establishment of provisional patent rights throughout the world. In 2001, the International Bureau of WIPO received 103,947 international applications filed with receiving Offices worldwide. If applicants had filed separate applications nationally or regionally, this would have involved the filing of millions of applications worldwide to achieve the same level of protection as is afforded by those 103,947 international applications. The International Bureau published, in the same year, some 99,000 international applications and search reports. The PCT is used by major corporations, universities and research institutions throughout the developed and developing world. It has become a cornerstone of the patent system, nationally and internationally, and any proposed change to it must be carefully and responsibly managed to ensure that the successful international cooperation achieved through the PCT is not put at risk.

THE REVISION MECHANISM ESTABLISHED BY THE TREATY

6. The PCT provides for a classical method of revision of the Treaty, which is set in Article 60,[1] namely, that the Treaty may be revised at a special conference of the Contracting

[1] PCT Article 60 (“Revision of the Treaty”) reads: “(1) This Treaty may be revised from time to time by a special conference of the Contracting States. (2) The convocation of any revision conference shall be decided by the Assembly. (3) Any intergovernmental organization appointed as International Searching or Preliminary Examining Authority shall be admitted as observer to any revision conference. (4) Articles 53(5), (9) and (11), 54, 55(4) to (8), 56, and 57, may be amended either by a revision conference or according to the provisions of Article 61.”

States.[2] Article 60 treats the PCT like any other treaty and makes no special provision for transitional arrangements, in the case of a revision, that might take into account the special nature of the PCT as a Treaty that establishes an administrative system of cooperation, involving dependent relationships between public bodies and private persons. Accordingly, on the basis of Article 60 and established practice for the revisions of treaties, a revised PCT could come about only as a result of a two-stage process, involving: (i) the adoption of a revised text by the Contracting States at a special conference; and (ii) the ratification of, or accession to, the revised treaty by States on an individual basis.

7. The inconvenience of the revision mechanism established in Article 60 of the PCT is, obviously, the gradual and individual nature of the process of ratification of and accession to the revised treaty. This inconvenience is demonstrated by the experience of the revision of a number of other WIPO-administered treaties. For example, the Paris Convention for the Protection of Industrial Property was revised at Stockholm in 1967, some 35 years ago. There are still two States that are party to previous versions of the Paris Convention and that have not ratified or acceded to the Stockholm Act. Similarly, the Berne Convention for the Protection of Literary and Artistic Works was revised in Stockholm in 1967 and in Paris in 1971. There are still three States that have not ratified or acceded to the Stockholm or the Paris Acts.

8. Where a treaty has been amended through a revision, the *general* rule is that the "amending agreement does not bind any State already a party to the treaty which does not become a party to the amending agreement" (see Article 40(4) of the Vienna Convention on the Law of Treaties). This means that, when the revised or later treaty enters into force, several different sets of relations will exist between States, at least for a transitional period, assuming that the earlier treaty is not terminated or suspended.[3] In particular, the following three sets of relations would exist between States in connection with the subject matter of the treaty:

(i) relations between States party only to the earlier treaty would be governed by the earlier treaty;

(ii) relations between States party to both treaties would be governed by the later treaty;[4] and

(iii) relations between States party only to the earlier treaty and States party to both treaties would be governed by the earlier treaty.

9. The multiple relations that may exist, at least for a transitional period, when a treaty has been revised may not be particularly inconvenient when the subject matter of the treaty is the establishment of norms and the revision foresees a higher level of norms in the later treaty. In such circumstances, the earlier treaty continues to have relevance in at least establishing a lowest common denominator of norms between the States that are party only to the earlier treaty and the States that are party to both treaties. It is altogether different, however, when

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[2] Article 61 of the PCT also empowers the Assembly of the PCT Union to amend certain of the administrative provisions of the Treaty.

[3] See, generally, Article 30 of the Vienna Convention on the Law of Treaties.

[4] The "earlier treaty applies only to the extent that its provisions are compatible with those of the later treaty" (Article 30(3)(b) of the Vienna Convention on the Law of Treaties).

the subject matter of the treaty is an international system of administrative cooperation like the PCT. In such a case, the revision, if substantial, would give rise to two separate systems of administrative cooperation that might co-exist indefinitely.

10. The modifications introduced to the Madrid system for the international registration of marks in 1989, through the conclusion of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (the Madrid Protocol), sought a practical means for dealing with the potential problems of revising a treaty that provides for a system of administrative cooperation. In effect, the Madrid Protocol introduced a new set of procedures for the international registration of marks, which resembled in their main principles the procedures applying under the Madrid Agreement Concerning the International Registration of Marks (the Madrid Agreement) and which were to be governed by a treaty organ, the Assembly of the Madrid Union, that was common to the two administrative systems. The main principles of the procedures in the two administrative systems were sufficiently similar to enable a common set of Regulations to be adopted under the Madrid Agreement and the Madrid Protocol.

11. The innovative solution that was found to the problem of the modification of an existing system for administrative cooperation in the case of the Madrid Protocol might not, however, be an appropriate model for any possible modification of the PCT system. The procedures under the Madrid system are much more simple than those that apply under the PCT system. A greater number of steps in the processing of an application are effected at the international level under the PCT than those which are undertaken at the international level under the Madrid system. For example, the existence of international authorities and the establishment of international search and international preliminary examination reports under the PCT have no counterpart under the Madrid system. A greater range of dependencies between applicants, Offices, Authorities and the International Bureau and a greater complexity in the flow of data is involved in the PCT system, thereby making it much more difficult to imagine the possibility of compatibility between existing and modified systems in the case of the PCT than in the case of the Madrid system.

POSSIBLE WAYS FORWARD

12. Assuming, for the purposes of the present document, that the Member States decide that they wish to introduce substantial modifications to the existing PCT system, a new treaty will need to be concluded, whether that treaty take the form of a revised Act of the PCT or an entirely new treaty. In such a case, the Member States would need to establish the objective of a smooth transition from the existing to the revised system so that:

(i) there would be no possibility of a service failure to users of the international patent system;

(ii) there would be minimal administrative and organizational disruption both to users and to Offices; and

(iii) there would be minimal disruption to cost projections of users and revenue flows to Offices, including the International Bureau, which rely on such revenue to provide the required quality of service.

13. It seems clear that the existing revision mechanism of Article 60 of the PCT would not, alone, meet the objective mentioned in the preceding paragraph. Two other options (and there might be more) seem promising as possible ways in which the objective of a smooth transition might be achieved.

Option I: Simultaneous termination of the existing system and commencement of the new system

14. The first option would appear to be the termination of the existing PCT system and the commencement of the new international system at a given point of time. This could be achieved through a Diplomatic Conference of all the Contracting States to the PCT at which those States:

(i) decided to terminate the PCT at a given moment or upon the occurrence of a given event; and

(ii) adopted a new treaty which would enter into force at the same moment or upon the happening of the same event.

15. Great care would obviously be needed in defining the "given moment" or the event whose occurrence would trigger termination and commencement. The definition of that moment or event would need to contain the elements that would ensure a smooth transition and the success of the new system. Such a definition could, for example, provide for the PCT to be terminated and for the new treaty to come into effect twelve months (or six months or whatever other period is chosen) after ten (or another number of) States, including States representing 75% (or whatever other percentage is chosen) of international applications filed under the PCT during the last full calendar year of operations under the PCT, have deposited their instruments of ratification of or accession to the new treaty. (A formula of this nature would, of course, need to be far more precisely drafted.)

16. Member States may wish to form their own view about the validity of terminating the PCT in the circumstances described in the preceding paragraph. In this regard, the Vienna Convention on the Law of Treaties, amongst other sources, provides some guidance. Article 54 of the Vienna Convention provides as follows:

> "The termination of a treaty…may take place…at any time by consent of all the parties after consultation with the other contracting States."

Article 59 of the Vienna Convention provides as follows:

> "1. A treaty shall be considered as terminated if all the parties to it conclude a later treaty relating to the same subject-matter and:
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> (a) it appears from the later treaty or is otherwise established that the parties intended that the matter should be governed by that treaty; or
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> (b) the provisions of the later treaty are so far incompatible with those of the earlier one that the two treaties are not capable of being applied at the same time."

17. It may also be noted that, if this option for proceeding with a modification of the PCT system were to be followed, particular care would need to be exercised with respect to the form and content of the credentials and full powers of delegations at the diplomatic conference.

Option II: Commencement of the new system and phased termination of the existing system

18. Some might consider that an abrupt transition from the existing system to the new system entails risks. It allows no time for trial and experiment, but requires all participants in the system to adopt new practices and procedures at a given time.

19. One way of managing any perceived risks in an abrupt transition would be to allow for the parallel existence of the existing and new systems for a limited period of time, for example, two years. During the limited period of parallel existence of the two systems, users would have the possibility of gradually adapting their practices to the new system. They could, for example, use the new system initially for only a small part of their portfolio of proposed applications, while continuing to use the existing system for the major part of their portfolio, thus allowing time for training and the acquisition of experience. Over the course of the two years, they could change the mix of existing and new systems to reach 100% reliance on the new system at the end of the two years. The transition that would occur in Offices would be correspondingly gradual.

20. Technically, the option of a phased termination of the existing system could be implemented quite easily. It could be achieved through a Diplomatic Conference of all the Contracting States to the PCT at which those States:

(i) agreed to terminate the PCT two years (or whatever other period of transition is chosen) after the entry into force of the new treaty; and

(ii) adopted a new treaty which would enter into force at a given moment or upon the occurrence of a given event.

The definition of the moment or event triggering the entry into force of the new treaty would be similar to that discussed in paragraph 15, above.

21. The Working Group is invited to consider and make observations on the content of this document.

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