

Patent Cooperation Treaty (PCT) Working Group

**Eleventh Session
Geneva, June 18 to 22, 2018**

INTERNATIONAL APPLICATIONS LINKED TO UNITED NATIONS SECURITY COUNCIL SANCTIONS

Document prepared by the International Bureau

SUMMARY

1. The United Nations Security Council Panel of Experts established pursuant to Resolution 1874 (2009) (“Panel of Experts”) recently submitted, on March 5, 2018, a final report¹ of its work pursuant to resolution 2345 (2017) to the United Nations Security Council Committee established pursuant to resolution 1718 (2006) (“1718 Committee”) (document S/2018/171). The report included a number of recommendations to the World Intellectual Property Organization (WIPO) and to Member States with respect to certain actions that should be taken with regard to patent applications related to persons or technologies that are the subject of United Nations Security Council sanctions related to the Democratic People’s Republic of Korea (DPRK).
2. The Working Group is invited to give advice on the appropriate action to be taken with regard to the recommendations included in the report that were addressed to WIPO and, more broadly, on the appropriate action to be taken in the event that international applications are filed that are related to persons or technologies that are the subject of United Nations Security Council sanctions. This may include the case where applicants or inventors are themselves on the list of individuals or entities designated by the Security Council as subject to sanctions measures (or where applicants or inventors are associated with a designated individual/entity);

¹ http://www.un.org/ga/search/view_doc.asp?symbol=S/2018/171

this may also include the case where the substantive content of the international application relates to a technology, item, or substance that is prohibited under United Nations Security Council sanctions.

3. In giving its advice to the International Bureau, the Working Group may wish to give particular consideration to the fact that, for any sanctions to have the intended effect, measures agreed would have to be implemented not only by PCT Member States with regard to international applications filed under the PCT, but also and equally by Member States individually, under applicable national or regional laws, with regard to applications filed directly at national and regional Offices through the Paris Convention route.

BACKGROUND

4. Over the years, the United Nations Security Council has adopted a variety of resolutions imposing sanctions against individuals, entities and/or certain types of transactions with certain States. The resolutions concerning the DPRK include restrictions on the transfer of specified technologies. Importantly, these sanctions (and, similarly, national sanctions regimes and proposals that have been made for other United Nations sanctions) specifically exclude the patent application process from their scope. See, for example, document S/2006/853², containing a list of items, materials, equipment, goods and technologies related to weapons of mass destruction programs that are prohibited pursuant to Security Council Resolution 1718 (2006) related to the DPRK, which, on page 8, states the following:

“Controls on ‘technology’ transfer, including ‘technical assistance’, do not apply to information ‘in the public domain’ or to ‘basic scientific research’ or the minimum necessary information for patent application.”³

5. On the other hand, there are aspects of sanctions that are not specific to the patent system, which nevertheless impose clear obligations. To comply with such obligations, the International Bureau, for some years, has maintained a system to monitor for the involvement of designated individuals and entities with international applications under the PCT. Each time a name and address is added to or modified in the International Bureau’s database (whether as applicant, inventor, agent or otherwise), that name is checked against the consolidated list of designated individuals and entities. In the event of an apparent match or near match, the details are forwarded to the WIPO Chief Compliance Officer for consideration. The WIPO Chief Compliance Officer is responsible for ensuring that any activity carried out by WIPO, in relation to any of the States, individuals or entities subject to UN sanctions will not violate the applicable UN sanctions. The system has recently been upgraded to facilitate immediate automated import of changes to the lists annexed to United Nations Security Council resolutions that set out the details with regard to individuals and entities designated as subject to the sanctions. These lists are supplied and updated by the United Nations in XML format, making the results easier for the Chief Compliance Officer to read.

6. A second layer of checks is made with the assistance of the processes set up by the international banking system, to review the origin of payments made in relation to international applications.

² http://www.un.org/ga/search/view_doc.asp?symbol=S/2006/853

³ It should be noted that, without exception, the patent Offices of each of the top five countries of origin for PCT applications in 2016, as well as other Offices, maintain the same exclusions from controlled technologies as that contained in S/2006/853 in their domestic regulatory frameworks.

7. To date, neither of these checks has resulted in the finding of any international application connected to a designated individual or entity. The checks only resulted in “false matches” (such as entries relating to a person or entity sharing the same or a very similar name with a sanctioned individual or entity). In one case, related to United Nations Security Council sanctions related to the DPRK, as noted in the Panel of Experts report referred to above, an entity designated in 2017 had previously applied for a patent in 2008. As the checks are conducted pursuant to events that occur during the international phase of the PCT procedure (up to thirty months from the priority date), this entity, which was added to the sanctions list approximately ten years after the relevant international application had been filed – long after the international phase had finished and with no known national phase entries – would not have been identified.

8. Consequently, the main activities triggered by these checks have been to provide evidence to the international banking system that payments were legitimate in cases where a transfer of funds has been delayed pending investigations into the sender, following the finding of a “false match”.

9. Should the checks carried out by the International Bureau result in the discovery of a connection between an international application and a designated individual or entity, the appropriate response to such a finding would need to be further considered in the light of the facts of a real case. However, the presumption, based on the theoretical circumstances that were considered in establishing the checks carried out by the International Bureau is that the International Bureau would be precluded from accepting the payment of fees from any associated individual and consequently the international application would be deemed to have been withdrawn before any substantive processing (international search or publication) took place.

10. In November 2015, an international application was filed relating to subject matter that was the subject of technology transfer restrictions in relation to the DPRK, the country in which the application was filed. In view of the fact that the relevant United Nations Security Council resolutions specifically exempt the information required for making a patent application from their scope (see paragraph 4, above), this particular international application was duly searched by the International Searching Authority and subsequently published by the International Bureau.

11. Following media reports about the publication of the international application related to the DPRK, the Panel of Experts conducted an investigation into the matter. In its final report⁴, the Panel noted that in receiving and processing the international application concerned, WIPO had acted in accordance with the PCT. The report, nevertheless, made three recommendations with regard to the processing of patent applications related to the DPRK, two of which are addressed to WIPO and one to Member States as such. The recommendations are as follows:

- (a) “that WIPO inform the [1718] Committee of future patent applications by the Democratic People’s Republic of Korea relating to any items, substances or technologies prohibited under the resolutions” (paragraph 28 of document S/2018/171);
- (b) “that WIPO introduce in the application form a mandatory field for the affiliation of the inventors from the Democratic People’s Republic of Korea, including the relevant addresses, telephone and fax numbers and government ministry or agency under which they fall” (*ibid*, paragraph 29); and

⁴ http://www.un.org/ga/search/view_doc.asp?symbol=S/2018/171

(c) “that Member States have their patent office check whether any of the listed applicants and inventors are designated to ensure that the fees received for the patent application process do not violate the relevant financial provisions of the resolutions” (*ibid*, paragraph 30).

12. It should be noted that the above recommendations, while set out in the report, were not included in Annex 104 of the Report, summarizing the overall recommendations.

ISSUES

13. The recommendations made by the Panel of Experts with regard to the processing of patent applications addressed to both WIPO and to Member States, as such, raise a number of issues. In view of the remit of the Panel of Experts, these recommendations were framed in terms of the sanctions related to the DPRK. However, it is necessary to also view them in terms of United Nations Security Council sanctions more generally. The issues that need to be considered include:

- (a) the legal nature of the recommendations by the Panel of Experts relating to the processing of patent applications, noting that the relevant UN sanctions related to the DPRK explicitly exclude the patent application process (“the minimum necessary information for patent application”) from the scope of the sanctions; in other words, whether it is necessary or appropriate for the International Bureau in respect of international applications related to the DPRK (or for any national or regional patent Office in respect of national or regional applications) to report on activities that are explicitly excluded from the sanctions regime;
- (b) if so, what form, extent and timing any reporting to the Panel of Experts should take; and
- (c) how to determine precisely which applications are relevant, from a technical subject matter perspective, to this recommendation.

UN SANCTIONS AND THE PATENT APPLICATION PROCESS

Scope

14. As noted in paragraph 4, above, the patent application process (“the minimum necessary information for patent application”) has been explicitly excluded from the definition of technology transfer that is the subject of the relevant sanctions related to the DPRK. Consequently, it would appear that the receipt of a patent application from a country that is subject to this form of sanction that relates to restricted technology would not, in and of itself, fall within the scope of the sanctions and thus would not impose an obligation on the International Bureau, in respect of international applications, to report that fact to the 1718 Committee. Volunteering information that would go beyond explicit confidentiality obligations of the PCT prior to the publication of international applications would raise legal issues, as set out in the following paragraphs.

15. The Working Group is thus invited to give guidance to the International Bureau as to whether, in respect of international applications related to the DPRK, it is necessary or appropriate to report to the relevant Sanctions Committee on activities that are explicitly excluded from the sanctions regime.

16. Should the Working Group consider that there is an obligation on the International Bureau to report to the 1718 Committee in respect of international applications related to the DPRK, further guidance is required on which related applications would be relevant to such an obligation, how they would be identified and how the reporting would be conducted, having

regard to the legal obligations under the PCT of the International Bureau, the receiving Office and the International Searching Authority, as set out in the following paragraphs. Such guidance is required not only in respect of international applications related to the DPRK but more generally in respect of any international application filed that is related to persons or technologies that are the subject of United Nations Security Council sanctions.

Subject Matter

17. With regard to international applications related to the DPRK, the Panel of Experts has recommended that “WIPO inform the Committee of future patent applications by the Democratic People’s Republic of Korea relating to any items, substances or technologies prohibited under the resolutions” (paragraph 28 of document S/2018/171). In this particular case, there are approximately 200 categories of items (materials, equipment, goods, technology, etc.) where technology transfer is restricted according to United Nations Security Council resolutions related to the DPRK. Most of these categories are defined in terms that cannot be identified by a simple word search of all international applications filed. Moreover, the issues of dual use technology and the fact that patent applications may relate to methods that would be relevant to both restricted and non-restricted technologies further complicate matters.

18. In general, neither the receiving Office nor the International Bureau would be capable of recognizing whether the contents of an international application were related to a restricted technology. Any checks of this type would need to be performed by the International Searching Authority. Furthermore, many of the items, in particular, chemicals, are common industrial items that are manufactured and traded legally in large volumes between non-sanctioned States and there is significant commercial interest in improving their manufacture, handling and use. Consequently, the number of patent applications (national as well as PCT) that are potentially relevant to this issue are at least in the tens of thousands per year and potentially of the order of 100,000 per year.

19. With regard to international applications related to the DPRK, the recommendation by the Panel of Experts refers explicitly to applications coming *from* a State subject to UN sanctions measures. Applications filed by nationals or residents of the States that are currently the subject of such sanctions are small enough in number that it would be practical to conduct special checks on the individual applications, provided that the relevant International Searching Authority was able to offer expertise where required. However, from a policy perspective, the issue of technology emerging *from* the State subjected to sanctions measures would appear to be the less important consideration in the context of technology transfer restrictions. Such technology represents technology already available within that State, not technology being *made* available to it. The usual expected benefits of the patent system will not be available to applicants who are unable to use, export or license the relevant technologies outside their own country. Furthermore, restricting the patent application process for the purpose of avoiding proliferation of the technology would not prevent simple publication by other means, which would be faster and cheaper. Any consideration of the question of the relevance of technology transfer sanctions to the patent system, notwithstanding the explicit exemption noted in paragraph 4, should at least recognize the relevance of the publication of patent applications (and non-patent literature) from other countries which, while not specifically directed to the State subject to sanctions, would be readily available for review in and by that State. Given that most of the technology involved is legal in most States (even if its manufacture, sale and use may be heavily regulated), it would not appear practical to restrict publications that are targeted at a general audience.

Timing

20. Should a potentially relevant international application be identified, it is not apparent what information, if any, could validly be transmitted to the relevant United Nations Security Council Committee. PCT Article 30 includes strict obligations of confidentiality, including a very broad definition of what it means to give “access” to an application. Article 30 even considers it necessary to make clear that certain transmissions required for the operation of the PCT System are considered acceptable, even though these transmissions are explicitly mandated under the Treaty and might therefore in any case be assumed to be exempted from the strict obligation of confidentiality. For ease of reference, the text of Article 30 is reproduced below.

“Article 30 Confidential Nature of the International Application

“(1)(a) Subject to the provisions of subparagraph (b), the International Bureau and the International Searching Authorities shall not allow access by any person or authority to the international application before the international publication of that application, unless requested or authorized by the applicant.

(b) The provisions of subparagraph (a) shall not apply to any transmittal to the competent International Searching Authority, to transmittals provided for under Article 13, and to communications provided for under Article 20.

“(2)(a) No national Office shall allow access to the international application by third parties, unless requested or authorized by the applicant, before the earliest of the following dates:

- (i) date of the international publication of the international application,
- (ii) date of the receipt of the communication of the international application under Article 20,
- (iii) date of the receipt of a copy of the international application under Article 22.

(b) The provisions of subparagraph (a) shall not prevent any national Office from informing third parties that it has been designated, or from publishing that fact. Such information or publication may, however, contain only the following data: identification of the receiving Office, name of the applicant, international filing date, international application number, and title of the invention.

(c) The provisions of subparagraph (a) shall not prevent any designated Office from allowing access to the international application for the purposes of the judicial authorities.

“(3) The provisions of paragraph (2)(a) shall apply to any receiving Office except as far as transmittals provided for under Article 12(1) are concerned.

“(4) For the purposes of this Article, the term ‘access’ covers any means by which third parties may acquire cognizance, including individual communication and general publication, provided, however, that no national Office shall generally publish an international application or its translation before the international publication or, if international publication has not taken place by the expiration of 20 months from the priority date, before the expiration of 20 months from the said priority date.”

21. In the absence of any clear obligation imposed by a Security Council resolution, there appears limited scope for passing meaningful information to the relevant Committee prior to the publication of any international application concerned.

22. In view of these issues, the Working Group is invited to provide guidance to the International Bureau on what it considers to be the proper course of action, if any, in relation to monitoring and reporting international applications containing United Nations sanctions relevant subject matter, in particular, whether it would be considered acceptable to notify detailed information to any relevant United Nations Security Council Sanctions Committee prior to the publication of an international application.

23. If action is considered appropriate, guidance by the Working Group is, in particular, sought on whether changes to the legal framework are needed and, if so, in what form (amendments to Regulations; agreed statements by the PCT Assembly on interpretation of relevant parts of the PCT and of the United Nations Security Council sanctions; instructions to International Searching Authorities; or otherwise).

Individuals and Entities

24. With regard to international applications related to the DPRK, in the report referred to in paragraph 11, above, the Panel of Experts indicated that it had requested details of the affiliations of the inventors listed for the relevant international application and noted that “[w]hile WIPO provided a description of the patent application process, it could not provide information on the inventors’ affiliations given that that information is not required in the patent application form. The Panel notes that this makes it impossible to determine whether the inventors from the Democratic People’s Republic of Korea were affiliated with any designated entities.” Consequently, it recommended “that WIPO introduce in the application form a mandatory field for the affiliation of the inventors from the Democratic People’s Republic of Korea, including the relevant addresses, telephone and fax numbers and government ministry or agency under which they fall.”

25. At present, the International Bureau is not entitled to require that information concerning the applicants and inventors, going beyond their names and addresses, be included in the request. Neither are the receiving Office nor the International Searching Authority authorized to seek further details. Notably, PCT Rule 4.19 states the following:

“4.19 Additional Matter

“(a) The request shall contain no matter other than that specified in Rules 4.1 to 4.18, provided that the Administrative Instructions may permit, but cannot make mandatory, the inclusion in the request of any additional matter specified in the Administrative Instructions.

“(b) If the request contains matter other than that specified in Rules 4.1 to 4.18 or permitted under paragraph (a) by the Administrative Instructions, the receiving Office shall *ex officio* delete the additional matter.”

26. Some relevant information might be indicated in declarations under Rule 4.17, but these are neither comprehensive for the purpose nor mandatory.

27. It could be envisaged to amend the PCT Regulations so as to add a Rule to address the issue, though in the absence of any investigatory capacity, it is not clear how effective this would be in practice. Any such Rule should presumably apply not only to inventors, but also to applicants and agents. It would also be necessary to decide whether the Rule should be targeted at relationships specifically with designated individuals or entities, or be an additional disclosure requirement of the type recommended by the Panel, addressed at all applicants, inventors or agents who are nationals or residents of specified countries.

28. A possible wording for the first option might be:

“4.8bis Individuals and Entities Subject to United Nations Security Council Sanctions

“If any person referred to in Rules 4.5 to 4.8 is an individual or entity subject to United Nations Security Council sanctions or is affiliated with such an individual or entity, the request shall include a statement setting out the details of that status or relationship.”

29. A possible wording for the second option might be:

“4.8bis Additional Information Relating to United Nations Security Council Sanctions

“If any person referred to in Rules 4.5 to 4.8 is a national or resident of a country subject to United Nations Security Council sanctions that is specified in the Administrative Instructions, the request shall include, for each such person, the details prescribed in the Administrative Instructions of their status in relation to those sanctions and their affiliations, including employers, any government agency under which they or their employers fall, and a list of associations with any individual or entity subject to those sanctions.”

30. As noted in paragraph 9, above, the response to the finding of any link of an individual (applicant, inventor or agent) with a designated individual or entity would need to be reviewed carefully on the basis of the facts of the case. However, the issue of designated individuals and entities seems simpler than that of subject matter in that:

- (a) the position for a particular international application can be identified (as well as the information will ever permit) on the basis of a largely automated test;
- (b) the relevant sanctions are dependent on financial issues not specific to the patent system; they would have an obvious and self-implementing effect on patent applications (that is, the receiving Office is not permitted to accept a payment and consequently the application is deemed withdrawn); and
- (c) at least the fact that an action had been taken could likely be notified to the relevant United Nations Security Council Sanctions Committee without an inconsistency with the legal requirements of the PCT.

31. The Working Group is invited to comment on the two alternative proposed amendments to the PCT Regulations, set out in paragraphs 28 and 29, above.

32. The Working Group may wish to also consider whether any further procedures would be appropriate in these circumstances and whether it would be acceptable to notify detailed information to the relevant United Nations Security Council Committee prior to the publication of an international application (which, in relevant cases, would be likely never to happen due to deemed withdrawal) in view of the confidentiality issues referred to above in relation to the question of subject matter.

CONSISTENCY OF MEASURES RELATED TO UN SANCTIONS ACROSS MEMBER STATES AND DIFFERENT FILING ROUTES

33. The two recommendations made by the Panel of Experts related to the DPRK that are addressed to WIPO are focused on international applications made under the PCT. However, the PCT accounts for only around 55 per cent of patent applications filed by applicants who are not a national or a resident in the country where protection is sought; a large number of national or regional applications are not filed through the PCT but directly with national or regional Offices through the Paris Convention route.

34. In general, in order for any sanctions to be effective, it would thus make no sense to take measures only within the PCT that could be easily bypassed simply by taking the alternative Paris Convention route.

35. Member States are thus invited to comment on the measures, if any, which they have put in place in their national or regional patent Offices to identify and report subject matter that is relevant to United Nations Security Council sanctions and to identify designated individuals or entities, or any affiliation to such individuals or entities

36. The specific recommendation related to the DPRK referred to in paragraph 11(c), above (“that Member States have their patent office check whether any of the listed applicants and inventors are designated to ensure that the fees received for the patent application process do not violate the relevant financial provisions of the resolutions”) appears to invite Member States of the United Nations to take measures equivalent to those undertaken by the International Bureau to ensure compliance with sanctions in relation to financial transactions with designated individuals and entities.

37. Member States are invited to comment on what measures their national or regional patent Offices have in place to ensure compliance with sanctions in relation to financial transactions with designated individuals and entities.

CONCLUSION

38. The role of the Secretariat in this process is to advise on the practical and legal issues that need to be considered, and then to seek to implement systems based on the decisions of the Member States. While it would be possible to implement modifications to the patent application process to ensure consistency with the recommendations of the Panel of Experts (to the extent the measures currently implemented are not considered sufficient), it would require clear guidance from Member States on the interpretation of United Nations Security Council resolutions as they might be applied to the operation of the PCT. Further, this would also likely require changes to the legal framework (the PCT and relevant United Nations Security Council resolutions which, at present, specifically exclude the patent application process from their scope). It would also require the cooperation of those States whose national or regional patent Offices act as International Searching and Preliminary Examining Authorities to conduct any substantive reviews.

39. Patent applications may be filed either through the PCT or directly at national or regional patent Offices. Member States should recognize that any measures introduced into the PCT system would need to be paralleled by equivalent measures taken directly by national and regional patent Offices if they are to have any practical effect. This relates both to the financial issues referred to in the recommendation noted in paragraph 11(c), above, as well as to any action with respect to the subject matter of patent applications and to the identification of designated individuals and entities, or any affiliation with such individuals or entities.

40. The Working Group is invited to comment on the issues set out in the present document, in particular in paragraphs 15, 22, 23, 31 and 32, above.

41. Member States are invited to comment on the issues set out in paragraphs 35 and 37, above.

[End of document]