

WIPO



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WORLD INTELLECTUAL PROPERTY ORGANIZATION

GENEVA

INTERNATIONAL PATENT COOPERATION UNION
(PCT UNION)

MEETING OF INTERNATIONAL AUTHORITIES
UNDER THE PATENT COOPERATION TREATY (PCT)

Sixteenth Session
Seoul, March 16 to 18, 2009

THE FUTURE OF THE PCT

Memorandum by the Director General of WIPO

1. Appendix I contains a memorandum by the Director General of WIPO, which was presented to an informal meeting of heads of certain PCT Offices on February 23, 2009, and to a meeting of certain users of the PCT system on March 2, 2009.
2. Unofficial summaries by the International Bureau of the discussions in those two meetings are set out in Appendices II and III, respectively. It should be noted that these were not adopted by the meetings, but are based on summaries of the discussions made by the Director General during the course of the two meetings and are believed to fairly reflect the main outcomes, albeit omitting many specific points of detail.
3. *The Meeting is invited to comment on the issues raised in the memorandum set out in Appendix I and to consider what actions should be taken to assist the adoption of a Roadmap and to further the principles set out, taking into account the comments set out in Appendices II and III.*

[Appendix I follows]

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APPENDIX I

THE FUTURE OF THE PCT

Memorandum by the Director General of WIPO

SUMMARY

1. The PCT can and should be used more effectively to address many of the urgent difficulties presently facing applicants, third parties and national Offices both large and small. This can be done with little or no change to the international legal framework, but requires strong commitment by national Offices.

2. National Offices in both their national and international roles need to:

- fully implement their Treaty obligations;
- eliminate duplication *within their own Offices*, either directly or by providing better incentives for applicants to avoid dual processing;
- ensure that practices and work products encourage work-sharing and reduction of duplication *between different Offices*;
- take further steps to ensure the availability of high quality search and examination reports.

3. This memorandum sets out some basic principles and a draft roadmap showing the type of work which I believe is needed to transform the use of the PCT to the benefit of all Offices and users. This includes immediate action, which could have useful effects in the time taken for international applications to reach the national phase, and development of broader improvements, which could bring further benefits in stages over the course of 2 to 5 years.

MAIN ISSUES

4. The patent granting system internationally faces a number of major challenges. Apart from some substantive issues which are explicitly excluded from the scope of this memorandum (and of the PCT system), some of the most pressing are as follows:

(a) The overall demand for patents in some States is greater than the capacity of the relevant national Offices to examine applications, leading to large backlogs. On the other hand, much of this work duplicates work being done in other Offices on other applications in the same patent family and there is ample capacity to deal with all of the unique inventions concerned.

(b) Even in some States where demand is within the existing capacity, there is a sense that the number of examiners involved in performing tasks which are essentially being duplicated in other Offices is wasteful of applicants' money and trained science and engineering graduates who might otherwise make a more direct contribution to innovation and industry within the country.

(c) The cost of obtaining patent protection in multiple States is prohibitive: in effect, international patent protection is outside the reach of individual inventors and small and

medium-sized enterprises even from rich countries, let alone those from developing countries, unless backing can be found at a very early stage from large corporations or venture capitalists.

(d) In States with little or no substantive examination capacity in the national Office, a negative international preliminary report on patentability leaves the Office knowing that a granted patent would probably be at least partially invalid, but in a poor position to deal with amendments or invalidity actions.

(e) It is commonly felt that too many invalid patents are granted, even by the most advanced examining Offices. While it is impossible to be completely certain that an invention is new and non-obvious, there is a strong desire for improvement in search and examination processes to help ensure that invalid patents are either not granted, or else can be removed easily and effectively.

5. The PCT was designed specifically to address all of those issues by foreseeing a single very high quality search and examination in the international phase, the international search covering a broader range of prior art than was commonly the case in national Offices at the time. On a proposal presented by the Delegation of the United States of America, the Executive Committee of the International (Paris) Union for the Protection of Industrial Property adopted, on September 29, 1966, the following recommendation (see BIRPI document CEP/II/12, paragraph 46), which began the consultations leading up to the adoption of the PCT:

“The Executive Committee of the International (Paris) Union for the Protection of Industrial Property (Second Session, Geneva, September 29, 1966),

“Having noted:

“that all countries issuing patents, and particularly the countries having a preliminary novelty examination system, have to deal with very substantial and constantly growing volumes of applications of increasing complexity,

“that in any one country a considerable number of applications duplicate or substantially duplicate applications concerning the same inventions in other countries thereby increasing further the same volume of applications to be processed, and

“that a resolution of the difficulties attendant upon duplications in filings and examination would result in more economical, quicker, and more effective protection for inventions throughout the world thus benefiting inventors, the general public and Governments,

“Recommends:

“that the Director of BIRPI undertake urgently a study on solutions tending to reduce the duplication of effort both for applicants and national patent offices in consultation with outside experts to be invited by him and giving due regard to the efforts of other international organizations and groups of States to solve similar problems, with a view to making specific recommendations for further action, including the conclusion of special agreements within the framework of the Paris Union.”

6. The resulting PCT system has been extremely popular with applicants and achieved great success in bringing together formal and procedural requirements of States. If it has not been as effective in addressing the questions in paragraph 4 as its founders hoped, the main difficulties do not stem from deficiencies in the international legal framework, but from the fact that many national Offices (both as International Authorities and as designated Offices) have chosen not to use it as it was intended.

7. Projects such as the Patent Prosecution Highway (PPH) have proved both that the work sharing which was envisaged by the founders of the PCT is really possible and that at least some Offices are now willing to take action to achieve the type of benefits which were hoped for when the PCT system was first designed. However, I consider that these projects are alone not sufficient to meet the needs of the international system in the same way that the PCT could if it were used by Offices, especially Offices which act as both International Authorities and designated Offices, as it was originally intended. Some of the questions regarding PPH according to its present arrangements and current proposals for expansion are set out in Annex II.

GENERAL PRINCIPLES

8. My vision for the future of the PCT involves ensuring that the system meets the needs of *all* of the interested parties by adhering to the following fundamental principles:

(a) duplication of work should be minimized: defects in international applications should be identified and eliminated early (in the international phase, where possible) and national Offices should seek to eliminate procedures which encourage or result in duplicative processing;

(b) the system must deliver results (especially search reports, international publications and international preliminary examination reports) which meet the needs of applicants and designated Offices of all types: large and small, examining and non-examining;

(c) the system must be accessible to applicants of all types from all Contracting States;

(d) patents granted on the basis of international applications should have a high presumption of validity if examined, or the likely extent of validity should be easily determined if registered without examination;

(e) unnecessary actions for Offices and applicants should be eliminated;

(f) information relating to international applications should be available as freely and efficiently as possible.

9. In the present process for improving the use of the PCT, I specifically do not seek to address matters of substantive patent law harmonization or of a unified “international patent”. While these are important subjects for some States and interested parties, I do not believe that they are essential to making effective use of the PCT system within its existing legal framework.

10. Each Office playing a role in the international phase of the PCT, whether as a receiving Office or an International Searching or Preliminary Examining Authority, must recognize the

fact that its status as a PCT actor brings with it a responsibility to all PCT Contracting States, obliging that Office to act in complete compliance with the Treaty even if it considers this to be inefficient with respect to its domestic procedures. Furthermore, it is not sufficient that the work be done properly: for it to be relied on, applicants and other Offices need to have *confidence* that it is both relevant and done properly.

11. Most fundamental to addressing the issues outlined in paragraph 4, above, is the Treaty requirement obliging each International Searching Authority (ISA) to conduct an international search which is as good as its facilities permit¹. This means that the international search must be *at least* as good as would be performed for national applications. One of the first actions which is necessary for ISAs must be a commitment not only to making this true, but to *demonstrating to everybody* that it is the case by themselves fully relying on this work in the national phase. In other words, each ISA should, to the greatest extent possible, do the work only once, during the international phase, and fully integrate that work into its national granting procedure when the same application later enters the national phase before the same Office acting as a designated Office.

12. An important next step is to ensure that written opinions, international preliminary reports on patentability and the process of international preliminary examination generally not only cover the minimum points set out by PCT Rules 66 and 70, but are genuinely useful to applicants and relevant to national processing. In addition, new ways must be sought to ensure that the fullest possible information about relevant prior art is made available at the earliest time, for the benefit of applicants, designated Offices, third parties and, where used, the quality and completeness of international preliminary examination.

13. Similarly, all receiving Offices need to ensure that all the work that they do is performed properly, to minimize the risk of duplication and complication both in the international and national phases.

14. Also of enormous importance is that the procedures and fee structures in designated Offices not only fully comply with Treaty requirements but are appropriate to encouraging applicants to act and to use the system in a manner which is efficient for all applicants and Offices.

15. Finally, Offices need to eliminate inconsistencies in effect or processing of an international application due to reservations or notices of incompatibility with certain Articles, Rules and Administrative Instructions by States and Offices. There are around 150 such reservations and notices, the effect of some of which can be that priority claims are not effective in some States, or that the content of the international application itself may be considered to be different in some States. Such differences will clearly make international search and preliminary examination less relevant to some national phases and result in complications and substantive differences for both applicants and Offices for reasons which are unrelated to substantive national conditions of patentability.

¹ PCT Article 15(4): “The International Searching Authority ... shall endeavor to discover as much of the relevant prior art as its facilities permit ...”.

16. Consequently, to implement these principles, it is essential that senior policy makers in all Contracting States, especially those whose Offices act either as International Authorities or major receiving Offices, commit to ensuring that:

(a) Treaty obligations are fully met so that applicants and Offices of other PCT Contracting States receive the service to which they are entitled;

(b) national processes, including the setting of fees, encourage the most effective use of the PCT by applicants and Offices alike in order to minimize duplication and costs in the national phase;

(c) consideration is given to the effects of procedures of a national Office on other designated Offices;

(d) reservations and notifications of incompatibility which may result in the international application having different effects in different States are withdrawn as quickly as possible to reduce inconsistencies between the effect of the international application in different Contracting States which make it more difficult to deliver international reports which are relevant to all States.

17. Clearly, the International Bureau must, and does, make equivalent commitments.

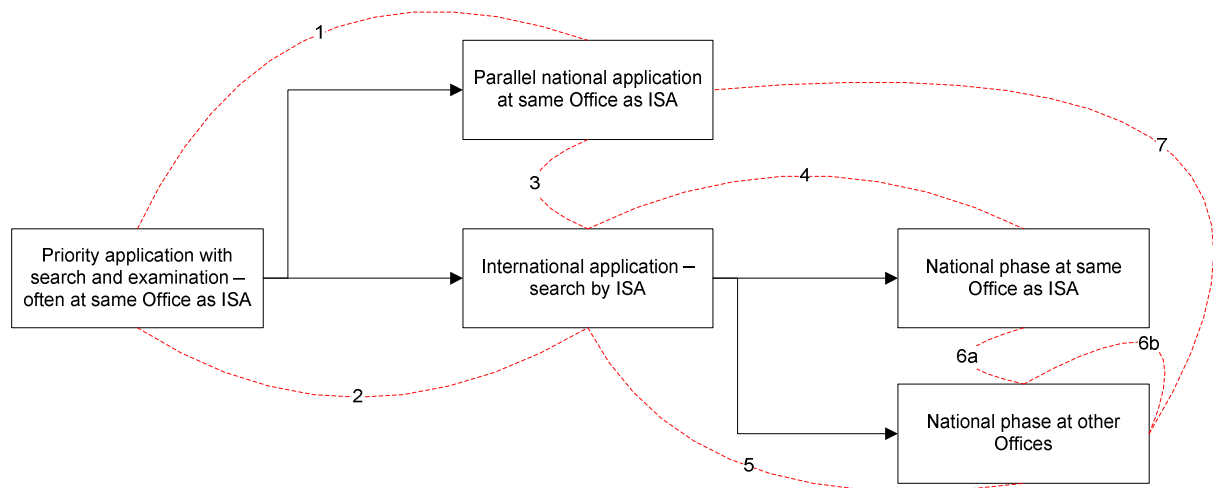
18. Most of the improvements which are needed to make the PCT system more effective are actions on behalf of national administrations that can be done without any need for further change to the PCT legal framework. However, certain actions would be more effective if supported by changes to the PCT Regulations and Administrative Instructions to ensure that the work carried out in the international phase is truly relevant to the needs of the national phase in all Contracting States.

19. More also needs to be done to ensure that the international patent system is as accessible as possible to innovators from all States. This includes further review of international fees to ensure that reductions are targeted at the applicants most in need of assistance, but also consideration of new ways to offer assistance. For example, while some International Authorities already offer fee reductions for international searches to certain applicants from developing countries, it might be possible to set up an arrangement where some international searches are carried out for free as part of technical cooperation programs similar to searches which are offered by some Offices today to assist national Offices.

TYPES OF DUPLICATION OF SEARCH AND EXAMINATION

20. When I refer to duplication of search and examination work, it should be clear I refer to a wide variety of types of duplication and that the adverse consequences of all types of duplication are not limited to extra expense for the applicant and extra work for the Office which first performs duplicative work. Duplication of work also has wider consequences, reducing confidence in other Offices that the original work was done properly.

21. Some duplication occurs entirely within a single Office and can be addressed directly. Other duplication is between Offices and reducing this will require a high degree of trust. Some of the main types are shown below.



22. As can be seen, the same Office may conduct search and examination on effectively the same application four (or even more) times, shown as dotted lines 1, 2, 3 and 4. These duplications can be addressed quickly and effectively by ensuring that national processes are effective at reusing work that has already been done within that Office, (preferably by using the same examiner to process all the files, wherever possible at the same time), no matter in what capacity that work has been done and eliminating procedures which encourage applicants to file duplicate national and international applications.

23. Reduction of duplication between different Offices, shown by dotted lines 5, 6a, 6b and 7 (line 1 can also be relevant where priority is claimed from an application in an Office which is not the ISA) requires a step by step building of trust in the content and quality of the work done by the Offices which have carried out earlier work. The initial steps should be to ensure that the action of the first Office brings the application into a condition more likely to be accepted, thereby reducing the time taken for search and examination by the later Offices, and for the first Office to demonstrate the quality of work done within an Office by using earlier products directly without repeating it at later stages. Further steps would involve increasing the confidence of Offices that the contents of earlier reports properly conducted by other Offices are relevant to their national requirements.

DRAFT ROADMAP

24. Annex I to this memorandum contains a first draft roadmap, showing the *type* of areas in which I believe that work is required and the *type* of aims and milestones which we should be seeking to set in order to address the issues effectively within a useful timescale. Some of these example aims are challenging, but I believe that all of them are realistic if there is a real will amongst the PCT Offices to address the underlying problems of the international patent system and use the PCT to its full potential.

25. Most of these example aims are merely indicative of the type of work which I believe is needed. The purpose of the initial consultations is to agree aims which will be realistic and effective in leading to higher quality and lower duplication, and to a truly international patent system.

26. Many of these matters will require improvements to IT systems, whether in the International Bureau or in national Offices, as well as ensuring that standards for communication of information are appropriate and implemented effectively, yet sufficiently responsive to changing requirements and technologies. Except to the extent that some

procedures and their IT systems are inseparable, I have not included such aspects in the draft roadmap.

AMENDMENT OF THE ARTICLES OF THE TREATY

27. There are a number of aspects of the PCT which various groups interested in the Treaty (applicants, Offices and third parties) would in principle like to see changed, but which can only be revised by a diplomatic conference, followed by ratification by all Contracting States. Such matters include the details of what an international application must contain, the roles of various Offices (including the International Bureau), the effect of the international application and reports within designated Offices, and the availability of different types of information.

28. Some of these changes could probably be agreed immediately by all parties. Others would require lengthy negotiation and compromise. What all have in common is that there is little chance that they could be brought into effect in time to be of any relevance to dealing with workload problems which already exist because of the length of time which would be involved in the negotiation, agreement and ratification of a new Treaty by enough Contracting States to make it effective.

29. This is not to say that amendment of the Treaty should not be studied. On the contrary, it is highly desirable for the long term future of the patent system that full consideration be given to whether and when a fundamental revision of the PCT should occur. However, given the long timeframe which is involved before it would be possible for this to come into force, such a review should be conducted thoroughly, but not as a substitute for progress on matters which can address urgent problems within the current framework.

30. I invite Governments, Offices, innovators, intellectual property professionals and public interest bodies to consider the vision for the future of the PCT expressed in this memorandum.

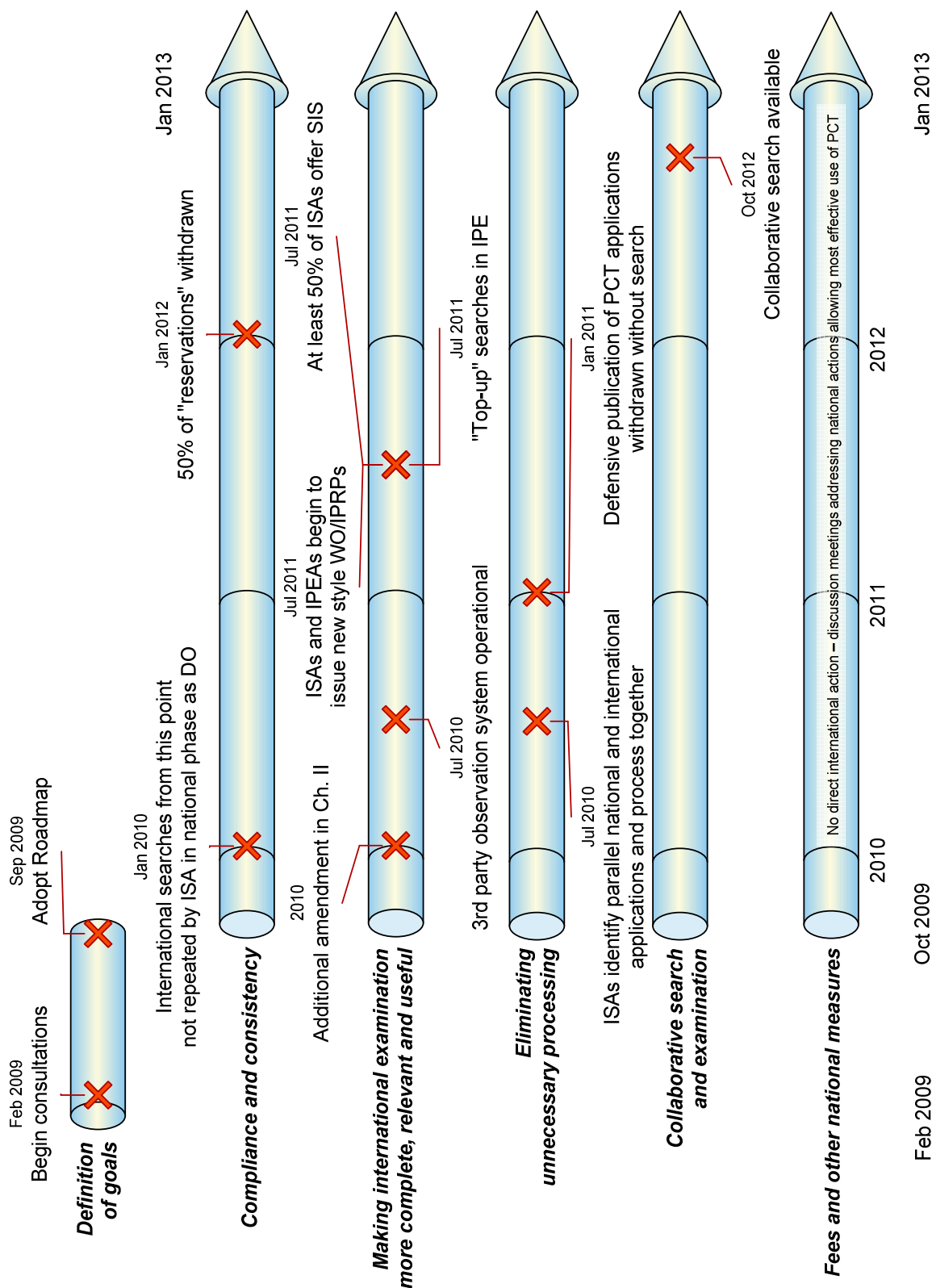
[Annex I to Appendix I follows]

ANNEX I TO APPENDIX I

ROADMAP FOR DEVELOPMENT OF THE FUTURE PCT

OVERVIEW OF AREAS OF WORK AND POSSIBLE MAJOR MILESTONES

1. The diagram below shows examples of the *type* of area of work and the *type* of major milestone which States and Offices need to pursue in order to ensure that the PCT is effective. Most of these are indicative only; the actual detail would be agreed as part of the process of defining the goals.



2. Certain needs are already clear and deserve immediate national action (see the items marked for January 2010 in the above diagram and paragraphs 4 and 7, below. Other requirements will need careful discussion before implementation using a mixture of national and international action over the course of several years.

PROPOSED AREAS OF WORK

Definition of Goals

3. The initial phase must involve developing a common vision and achieving a commitment by Contracting States and PCT Offices to effective action, noting that a very large part of this must be by individual national Offices fully embracing the responsibilities placed on them and the opportunities offered by the PCT, rather than simply by adopting new PCT Regulations and making the smallest local changes necessary in order to implement them.

- *Discuss* general needs, barriers and feasible areas of work in formal and informal meetings with Offices, applicants and other interested parties.
- *Aim:* to adopt roadmap at PCT Assembly in 2009 with expression of commitment by Contracting States to addressing the needs of all users of the system by practical measures in both national and international phase use of the PCT which can have effect within a useful timeframe.

Compliance and Consistency

4. In order for work done in the international phase to be useful to designated Offices, and by extension to applicants and third parties, it is essential that the work *is done* in accordance with the requirements of the Treaty and that there *is confidence that it has been done* in accordance with the requirements of the Treaty. The largest possible step towards building this confidence is an assurance by International Authorities that work performed by them during the international phase will not be repeated by the same Office acting as a designated Office in the national phase. In other words, each ISA should, to the greatest extent possible, do the work only once, during the international phase, and fully integrate that work into its national granting procedure when the same application later enters the national phase before the same Office acting as a designated Office.

- *Aim:* statement by all Offices acting as International Authorities that international searches carried out by them from January 1, 2010 will not be repeated by them as designated Office if the international application enters the national phase (except for “top-up” searches for later publications, search of inventions for which additional fees were not paid and the like).

5. In order for international work to be as relevant as possible to the national phase and for defects to be corrected once only in the international phase, the international application needs to have, as far as possible, a consistent effect in all Contracting States. There are currently approximately 150 reservations, notifications and declarations of incompatibility in force relating to various PCT Articles, Rules and Administrative Instructions. Many of these mean that there can be important differences in the effect of the international application, including different priority dates and even different contents. Others mean that the international application is processed in different ways, depending on which Office acts as receiving

Office. Contracting States and Offices should seek to eliminate these inconsistencies. Work currently under way in many States towards implementation of the Patent Law Treaty requirements offers a particularly good opportunity for addressing many of these points. The International Bureau should be prepared to offer assistance to any State in identifying the inconsistencies, analyzing the impact of change and drafting any necessary legislative proposals.

- *Example aim:* at least 50% of reservations, notifications and declarations of incompatibility relating to PCT Articles, Rules or Administrative Instructions withdrawn by January 2012.

Making International Examination More Complete, Relevant and Useful

6. Work in this area has been going on for some time in the Meeting of International Authorities and elsewhere, most notably in the work relating to establishing quality management systems, but also in matters such as review of the PCT minimum documentation and areas not directly within the PCT such as national and international efforts to improve the international patent classification system and its use. Work on projects such as the Patent Prosecution Highway is also very relevant.

7. Written opinions and international preliminary reports on patentability should be useful to designated Offices, but even if they are only used for guidance, national examination will be easier and quicker if the main defects have been overcome in the international phase. The benefits of Chapter II should be enhanced to encourage applicants to achieve a positive international preliminary report on patentability before entering the national phase and for any outstanding defects to be reported in a way which best assists national examination.

- *Discuss* barriers to use of international search and examination reports as basis for national phase processing, and for accelerated national phase processing in case of a positive international preliminary report on patentability, and ways of overcoming these.
- *Discuss* how to make examination in the international phase more complete and useful to applicants (including the possible extension of the time limit for national phase entry under Chapter II), such that more applications enter the national phase with a positive international preliminary report on patentability and are likely to be found in order for grant without further national action.
- *Aim:* for all International Preliminary Examining Authorities to agree that at least one written opinion will be issued in Chapter II proceedings prior to issue of a negative international preliminary report on patentability, beginning from January 2010 and being followed up by amendments to the PCT Regulations to guarantee that right.
- *Example aim:* to develop a system by July 2010 for third party observations on novelty and inventive step to be furnished and made available to the International Preliminary Examining Authority and designated Offices.
- *Example aim:* to adopt and begin use of an improved form of written opinion and international report on patentability, with style and content suitable to form a first national examination report in designated Offices (subject to addition of annexes on specific national requirements, such as exclusion of certain subject matter), with effect for written opinions carried out on or after July 2011.

- *Example aim:* for international preliminary examination to include “top-up” searches to find “secret prior art” by July 2011.
- *Example aim:* for at least 50% of ISAs to offer supplementary international searches by July 2011.

Eliminating Unnecessary Processing

8. Processes need to be examined to see whether they serve any useful purpose, either in general or because the system is used in particular ways by applicants to overcome perceived difficulties. For example, certain applicants file international patent applications for defensive reasons (to avoid competitors receiving patents, noting that patent publications have certain advantages over non-patent publications) rather than because they actually intend to seek a patent.

- *Example aim:* by January 2011 allow “defensive” publication of international applications even though it is known that they have been (or will be) withdrawn or considered withdrawn. In this way, ISAs would avoid the burden of carrying out a search on an application which is only being pursued in order to keep it alive to be published, even though the applicant has already decided not to pursue the application to grant in any State.

9. In a few States, relatively few international applications directly enter the national phase. Instead, a parallel national application is often pursued. This process is clearly inefficient for Offices overall and the question needs to be addressed of why applicants find this beneficial.

- *Discuss* whether there are substantive reasons why it is more effective to pursue an entirely different application in their Office to the one which applies to the rest of the world. If the reasons are actually procedural, consider whether Office procedures and fee structures can be changed to encourage the international application to be pursued in preference to a duplicative national one.

- *Example aim:* Where circumstances encouraging duplicative applications cannot be changed in the short to medium term, Offices acting as International Authority to set up systems by July 2010 to identify equivalent national and international applications and, where possible, allot them to be dealt with by the same examiner at the same time.

Collaborative International Search and Preliminary Examination

10. At present, it seems that no major examining Office is prepared to accept the work of any other Office without performing a complete new national examination. Earlier reports are noted, but the main benefit of the earlier examination comes not from the use of the report as such, but from the fact that the applicant has already made amendments to overcome objections made by the other Office. It is proposed to build on the concept of supplementary international search to offer an option where the international search and preliminary examination are conducted by a “virtual” Authority, consisting of examiners from several Offices in different regions working collaboratively: if an international application is found to meet the requirements of the PCT to the satisfaction of, for example, 3 Offices which meet appropriate international quality requirements for search and examination, it ought to be safe for any Office to consider that it would also meet its own examination requirements, subject to issues relating to specific subject matter and any problems introduced by translation into further national languages.

- *Discuss* what would be required to allow sufficient interaction between examiners in different Offices to permit the establishment of a common international search report, based on searches by at least 3 examiners in different Offices with different language specialities following discussion to ensure a common understanding of the invention and the required scope of search.
- *Example aim:* to have a virtual International Authority available by October 2012 which offered a collaborative international search based on interaction between examiners in (for example) 3 different International Authorities to establish a commonly agreed search report. Initially, a lead examiner would take responsibility for the written opinion and any international preliminary examination.

11. Further work would then seek to build on the collaborative approach to move towards written opinions agreed by examiners from different Offices. Such work might require a fundamental review of the time limits involved in order to make the approach practical.

Fees and Other National Measures

12. The international fees must continue to be reviewed, but they form a negligible part of the total expense of international patenting. The official fees due upon national phase entry collectively (and in many cases, individually) greatly exceed the official fees payable to the International Bureau. Even though these fees are themselves often exceeded by the cost of translations and professional representation, national Offices, notably those also acting as International Authorities, must give careful consideration to whether they provide the appropriate incentives for applicants to ensure that the international application is processed as efficiently as possible, usually meaning that defects and potential patentability issues are dealt with once, during the international phase.

13. In addition to fees, other incentives, such as accelerated or simplified national processing for international applications with a positive international preliminary report on patentability, might be considered for encouraging applicants to amend the application in the international phase to overcome defects, rather than this being done many times before different national Offices.

14. Innovative approaches should also be considered to ensuring that the system is accessible to individuals and small businesses from developing countries. For example, Offices which act as International Authorities might review their technical assistance programs to see whether greater assistance could be offered which is of direct benefit to applicants from certain countries, for example, by offering a certain number of international searches to be carried out free of charge for applicants who meet the appropriate criteria.

[Annex II to Appendix I follows]

ANNEX II TO APPENDIX I

INTERACTION BETWEEN
THE PATENT PROSECUTION HIGHWAY AND THE PCT

1. As noted in paragraph 7 of the main body of this document, the Patent Prosecution Highway (PPH) has been valuable in proving that the type of work-sharing arrangements which were envisaged by the founders of the PCT are possible in practice and has been found to be useful to certain applicants and pairs of Offices. However, it has some inherent limitations. Moreover, there is a risk of *increasing* duplication, *losing* many of the existing benefits of the PCT system, and eventually damaging the PCT system, if this type of arrangement is not ultimately managed to ensure that it works well together with – and where appropriate, as part of – the PCT. Some of the main concerns relating to PPH which need to be addressed in order to address the problems of the international patent system properly are set out below. These comments are offered in a constructive spirit in order to contribute to a better understanding of how the PPH could work together with the PCT.

(a) Many different projects addressing essentially the same issues dilutes the efforts of Offices. The PCT already accounts for 160,000 international applications per year. Making sure that this system works properly (including avoiding processes which encourage parallel national applications) would fix most of the problems immediately.

(b) PPH and similar projects can never be an effective international solution on their own because they rely on the initial work being done by an examining Office, discriminating against applicants from States with non-examining Offices.

(c) To be effective, PPH needs national processing in an Office of second filing not to begin (and, preferably, for translations and national fees not to be due) until the work of the Office of first filing is complete. Because of the timing issue, the success of the PPH depends, to a large extent, on the use of the PCT as a vehicle to obtain, in effect, a 30 month priority period (in this context, the term “PCT bridge filings” has been used). PPH also thereby benefits from some of the other basic PCT features, most notably, the filing of just one application with effect in multiple countries and international publication. On the other hand, in this arrangement, international search reports and preliminary reports on patentability, which were devised specifically to address issues of quality and duplication, are simply ignored and not used for the purposes of work sharing, since PPH requests may only be based on national Offices’ search and examination results. Ignoring the international search and preliminary examination reports sends a strong signal that they are inferior to national reports (despite the PCT obligation that International Authorities conduct an international search *as good or better* than their national searches and even if the Authority has in fact conducted the search and examination to the very highest standards). This will lead to at very least the appearance and in likelihood a reality of a two class system of designated Offices (those Offices which, on the basis of bilateral or plurilateral arrangements, rely for national phase processing on the “superior” reports established by a national Office, and those which rely on the “inferior” international reports), which would be damaging to the effectiveness of the PCT system for applicants and States for whom the PCT route is important.

2. It is therefore important that the types of step indicated in Annex I are taken as quickly as possible, to ensure that the PCT is able to offer the benefits of a PPH-type effect to its users. Moreover, where national search and examination has already taken place on a priority application, the PCT needs to offer an effective and efficient opportunity to build on that work and make it available to all designated Offices, so that the work of the International Authorities and the cost to the applicant are justified by a real extension and improvement to PPH.

[Appendix II follows]

APPENDIX II

SUMMARY OF MEETING OF HEADS OF OFFICES

1. The Director General of WIPO invited the heads of all of the Offices appointed as International Searching and Preliminary Examining Authorities and six other major PCT Offices to a meeting on February 23, 2008. Fourteen heads of Offices were able to attend; the remainder of the Offices were represented by deputies or representatives from their country's mission to the United Nations agencies in Geneva.
2. There was general consensus that the memorandum was timely and that the draft roadmap was a desirable approach in principle, though it was clear that the specific targets would need refining in order to be both realistic and beneficial. Furthermore, many of the statements were provisional since there had not been sufficient time to permit consultation with national user groups.
3. While the principles set out in the memorandum were generally felt to be correct, it was also felt that a more clear statement needed to be made of some purpose goals, in particular:
 - (i) rapid resolution of rights;
 - (ii) confidence building between Offices; and
 - (iii) effective work-sharing and reduction of duplication.
4. Furthermore, while the steps relating to starting to build confidence by reducing duplication *within* an Office were seen as appropriate, a number of participants considered that more work was needed in defining ways to build confidence *between* Offices. It was also felt necessary to consider the responsibility which must, to some extent, lie on applicants.
5. Several participants stated that an important additional goal was simplification. The Director General agreed, but made clear that a large proportion of complication within the PCT was a result of inefficient compromises which had been adopted to accommodate differences between national systems which Offices could not, or would not, change. A simplified international procedure could only be offered if national Offices were willing to adopt more consistent administrative practices.
6. Fees were seen as a sensitive but important issue which needed to be addressed carefully and used as a positive policy instrument in order to make the system more attractive. Several participants noted that the problems of costs were by no means limited to developing countries but to individuals and small and medium-sized enterprises everywhere. The Director General commented that it might be necessary to revisit some of the changes which had been made during the PCT Reform exercise, such as the universal designation system, if it were desired to make the system more attractive to users who only wish to enter the national phase in a small number of countries.
7. There was agreement in broad terms, subject to the need for expert discussion on many of the details, on the following matters relating to proposed areas of work and possible aims:

(a) The goal of eliminating duplicate national phase searching by the Office which acted as International Searching Authority was felt to be important and useful. While one Office indicated that the proposed timetable would be impossible to achieve, it was generally felt that the proposed timetable of January 1, 2010 should not be dropped for the other Offices; rather, there should be an exception made, with it being understood that this was a desirable goal which was being pursued but simply required a larger degree of reorganization.

(b) The aim of reducing reservations was agreed by all, but it was felt that the specific target might not be helpful in ensuring that changes made a real difference: a simple 50% reduction target did not reflect the major differences in nature and purpose of different reservations; removal of some would make a bigger difference than others; different ones would take different amounts of time and effort for Offices to address. Furthermore, such a general target might not provide sufficient incentive for individual Offices to consider carefully and swiftly how they would be able to contribute to the overall aim.

(c) A system of allowing third party observations would be highly desirable, but the implementation needed to be carefully balanced to ensure that it would actually be used, without overwhelming examiners with citations which may be of little or no relevance.

(d) It was important to address the quality of search and examination reports and the confidence which Offices could place in these. It was made clear that the single most important issue was the quality of the international search, but it was also important to address the quality and consistency of written opinions and international preliminary reports on patentability. It was noted that most users at present used only Chapter I and that it was important to address Chapter I written opinions. Nevertheless, most participants considered that it would be worthwhile to reconsider decisions which had been taken since the change to the time limit in Article 22(1) in 2002 and the introduction in 2002 of the written opinion of the International Searching Authority in 2002, with a view to enhancing the usefulness of Chapter II reports for both applicants and Offices. Changes to Chapter II procedures should take into account user needs and whether improvements in quality and reductions in the overall workloads of Offices could really be achieved.

(e) It was too early yet to draw any particular conclusions relating to supplementary international search and major changes should be avoided for the moment.

(f) There was no opposition to the idea of defensive publication as such, but there was doubt as to the extent that it was really needed; unless there was a clear indication that a significant reduction in unnecessary work could be achieved, this should only be addressed to the extent that it could be done without diverting resources from more immediately valuable work.

(g) There was cautious interest in collaborative search and examination, but it was felt that there may be significant difficulties in achieving a full scale system by 2012. It might be very useful to conduct some small scale pilot projects: these could usefully contribute towards greater understanding and personal trust between examiners in different Offices even if particular methods being piloted turned out to be unfruitful.

8. In relation to the Patent Prosecution Highway, several participants noted that the two systems were neither direct competitors nor incompatible; rather, both contributed effectively to early determination of rights and confidence-building between Offices, offering similar benefits whichever route was taken. Work on both the Patent Prosecution Highway and the PCT needed to be managed to ensure that they really were complementary and could benefit from each other.

9. There was agreement on the proposal by the Director General that the memorandum by the Director General should be put on the agenda of the next Meeting of International Authorities (PCT/MIA), scheduled to take place in the Republic of Korea in March 2009, and subsequently on the agenda of the PCT Working Group (PCT/WG), scheduled to take place in May 2009, with a view to submitting an agreed roadmap to the Assembly of the PCT Union for adoption at its September 2009 session.

[Appendix III follows]

APPENDIX III

SUMMARY OF MEETING WITH USERS

1. The Director General of WIPO invited representatives of a number of user organizations which are commonly represented at PCT meetings, as well as representatives of some of the largest PCT filers, to a meeting on March 2, 2008. Several organizations, including one which was unable to attend, and certain filers submitted written observations, whose contents are also reflected in this summary.

2. The participants warmly welcomed this initiative, stating that they agreed with the principles and many of the specific aims, but in particular welcomed the expression of a strong, multilateral vision by the Director General for developing the PCT in practical ways which could make a real difference to the difficulties faced by both Offices and applicants. Several of the organizations had prepared or were in the process of preparing position papers of their own relating, specifically or in part, to the use of the PCT and the Director General's memorandum was in broad harmony with the direction of those papers.

3. Some of the general comments made about the memorandum included the following:

(a) The approach of a roadmap with goals and specific timeframes was considered to be good. The goals needed to be demanding but realistic. Recognizing that resources were limited and there were varying degrees of urgency attached to different matters, work needed to be prioritized to focus on areas which could make the biggest difference. One participant reflected that prioritization on urgent matters should nevertheless not mean that there was no time left to pursue visionary matters.

(b) Many of the initiatives in the memorandum were welcome but had been proposed before without any effective result. It would be essential to make sure that there was sufficient commitment by all Offices to ensure that projects were actually carried through and the pace not allowed to slip.

(c) The vision was seen to be essentially about behavior rather than the legal framework. Effective change would require commitment at all levels: it was suggested that the Director General might usefully seek to address examiner corps as well as management.

(d) The current financial crisis should be seen as a reason to address these matters more urgently and not as an excuse to avoid taking action.

(e) The biggest issues to be addressed were seen (not necessarily in this order) as overall cost (not only the international phase), backlogs (recalling that timeliness is an issue both for applicants and third parties) and quality of the patents eventually granted.

(f) There was general agreement that the quality of the international search was the most fundamental issue to be addressed: unless this was of a sufficient standard, attempts to improve examination would be futile.

(g) There were a variety of other issues which were also very important. In particular, the needs of small Offices and applicants from developing countries must not be forgotten. It was essential to foster involvement of the national Offices of smaller countries and take other actions which could make the system better known and more effective within those countries.

(h) While user behavior was important in ensuring that the system is used efficiently, Offices should not seek to “put the blame” on applicants for the way that they use it: the system needed to be developed to provide positive incentives for applicants to work in a manner which is efficient for the Offices as well as themselves. Nevertheless, it was recognized that applicants also needed to be willing to take some risks and try alternative approaches if changes were to be carried through successfully.

(i) One user commented that even in Offices where the international phase processes were taken very seriously and were well integrated into the national phase, Office priorities could leave problems. For example, because an international application had already been searched and (in effect, by recognition of the written opinion) had its first national phase examination action completed, it could be difficult to demonstrate eligibility for accelerated processing in conditions where this would be allowed for a direct national application.

(j) It needed to be recalled that the PCT needed to be responsive to the needs of a wide range of types of user: different sectors had significantly different needs and saw benefits from different aspects of the PCT (and similarly of national systems).

(k) Some participants considered that it might be desirable to improve the search by conducting it after international publication (either generally, or as an applicant option) so as to include “secret prior art”: others felt that this was undesirable from the point of view of third parties and also pointed out that, for various reasons, it could not be confidently stated that all secret prior art had become available to the examiner until 36 months or more from the priority date and consequently this matter would always require some consideration in the national phase if Offices wanted the search to properly cover such documents.

(l) There were significant benefits to be gained for applicants by making the entire international phase processing electronic, particularly for applicants from States where this would allow seamless flow of processes between the international and national phases.

4. Some of the comments relating to specific proposed areas of work and possible aims included the following:

(a) Elimination of duplication of search within an Office was important, but it needed to be recalled that there would always be some cases where there would be a genuine need for further searching in the national phase, including top-up searches and cases where the scope of the claims had changed. Furthermore, some parallel searching between Offices could be of positive benefit, as long as it was not repeating the search for its own sake. In respect of top-up searches, it was felt that one key aspect was that the search strategy could be reused so that the effort involved could be minimized. As regards the problems of parallel national and international applications, it was necessary to look carefully at the issues of law and Office practice which led to applicants wishing to pursue such an approach.

(b) It was desirable to eliminate reservations, though they included a wide range of types which should be treated differently. The aim of a 50% reduction was felt to be arbitrary and not conducive to ensuring that the important reservations were addressed with due diligence. States should be encouraged to ratify the Patent Law Treaty, which would be a driver for change in some of the more significant areas.

(c) It was desirable that international preliminary reports on patentability should be developed to ensure that benefits equivalent to the Patent Prosecution Highway could be delivered. It was emphasized that this applied just as much to Chapter I reports as Chapter II. Some participants considered that there was a “chicken and egg” problem with Chapter II: Offices did not wish to improve it because it was little used, but few users used it because it did not currently deliver the benefits that they wished for at a price which was good value compared to waiting until the national phase. Several participants reiterated the importance of a full opportunity for dialog with the examiner, allowing for several written opinions before the establishment of a final report.

(d) Some participants considered that the time limits would need to be extended if a worthwhile international preliminary examination were to be possible. It was also pointed out that any such extension needed to avoid the previous situation where international preliminary examination was demanded solely to “buy time” without the work done being used to the benefit of applicants or Offices.

(e) A third party observation system was considered desirable in principle, but it was essential that it should not encourage competitors to make observations with timing and contents specifically aimed at disrupting the processing of the international application, as could happen in some systems. It was felt that the use of the system would depend enormously on the ease of use of the system. Many lessons could be learnt from the “peer to patent” system, although of course the timing of the international phase was significantly different. One user pointed out that use of the system might also depend on the type of prior art which was known to a third party and the jurisdictions in which the applicant and third party were interested: it might be more beneficial for third parties aware of prior art relevant to inventive step to keep it for opposition proceedings, if available, where they could become a party to the action and more fully argue its relevance.

(f) All proposals which led to improved written opinions and further opportunities for search (at the request of the applicant) were considered welcome, provided this actually led to more efficient processing in the national phase.

(g) Several participants indicated that they had supported the introduction of supplementary international searches, but that the particular services currently available did not meet their needs. It was suggested that the concerns of Offices which still opposed the system should be considered more closely to either allow them to enter the system, or to ensure that other arrangements, such as the proposed collaborative search, could be used to address the requirements of a more complete search at an acceptable cost.

(h) Views ranged from cautious interest to strong support for the concept of collaborative search and examination. On one hand, concerns were expressed about how the Offices working on the application would be selected and about the likely costs and efficiency of the process. On the other hand, it was observed that there were many extremely useful generic collaboration tools easily available, which were used in a wide range of industries and without which multinational research projects would be uncompetitive. The suggested

timetable was seen alternatively as unlikely to be achieved and insufficiently ambitious. It was generally agreed that some form of attempt should be made and that experimentation could in itself bring understanding and trust.

(i) Most of the participants considered PCT defensive publication to be a niche requirement which should not be a top priority. One user suggested that international applications were at present rarely filed unless there was considered to be a reasonable likelihood of wanting to pursue it at a later stage. It would rarely be the case that a decision that it only needed to be published would be taken in time to avoid the need to pay the international search fee. Moreover, if a decision to withdraw the application needed to be taken early, it was likely that the applicant would subsequently wish to change his mind. The supporters of such a system pointed out that it would probably be possible to implement such a system with little or no disruption to existing systems and rules so that it could offer a service without inconveniencing those who did not wish to use it.

(j) The fee structure was important and needed to provide an incentive for applicants to act efficiently if Offices expected them to do so. It was observed that applicants did not wish their fees to be used to fund non-PCT activities. Nevertheless, it was felt that recent moves towards budget transparency were a step in the right direction.

5. In relation to the Patent Prosecution Highway, several participants stated that they felt that this was a valuable service for use in certain situations and was a useful exercise in work-sharing and developing confidence. Nevertheless, they expressed concern that the same procedures were not being applied to the PCT, which covered a much larger range of States. It was important to ensure that the benefits applied equally. It was observed that one of the reasons for success of the PPH was the confidence which was gained by examiners in some Offices being able to see the full file history of the application in the Office of first filing – not just the final reports – and that this might be a useful point to take up in PCT.

[End of Appendix III and of document]