

# WIPO



PCT/A/29/3

ORIGINAL: English

DATE: August 18, 2000

# E

**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
GENEVA

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

**ASSEMBLY**

**Twenty-Ninth (17<sup>th</sup> Extraordinary) Session  
Geneva, September 25 to October 3, 2000**

REFORM OF THE PATENT COOPERATION TREATY

*Document prepared by the Director General*

1. The Annex to this document contains a proposal for reform of the Patent Cooperation Treaty sent to the Director General of WIPO by the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, who stated the following in his accompanying letter of August 4, 2000:

“[...] This version [...] takes into account written comments from various sources and discussions held in various fora, including extensive discussions with and comments from World Intellectual Property Organization officials.

I feel strongly that the issues of PCT reform and this proposal are ripe for consideration by the PCT Assembly at the September 2000 meeting and request that this item be specifically included on the agenda for that meeting. While we would not expect the Assembly to act on the particulars of the enclosed proposal, it could be used as a supporting document for a recommendation to the Assembly to establish a PCT revision committee, the mandate of which could be limited to the issues raised in the proposal.  
[...]

At the same time, another recommendation could be made to the Assembly to establish a mechanism to pursue those changes in the proposal that are susceptible of implementation, in the near term, by amendment of the PCT regulations. It is, of course, understood that this effort would not be a substitute for the need to change the Articles of the PCT.”

2. The Director General proposes that, as a first step, a special body be set up to consider the proposal contained in the Annex to this document, that the special body consist of member States, International Searching and Preliminary Examining Authorities and non-governmental organizations representing users of the PCT, and that the Director General designate the members of the special body in consultation with member States.

*3. The Assembly of the PCT Union is invited to express its views on the contents of this document and, in particular, to approve the proposal contained in paragraph 2, above.*

[Annex follows]

**United States Proposal  
for  
Reform of the Patent Cooperation Treaty**

***Summary***

The proposal of the United States for reform of the Patent Cooperation Treaty (PCT) includes changes that may be accomplished in two stages. In the first stage of reform, the United States proposes that the PCT be amended to simplify certain procedures and to conform the PCT to the Patent Law Treaty (PLT). The second stage of PCT reform includes a much more comprehensive overhaul of the entire PCT system. The first stage of reform could take place in the near term, e.g., within the next five years. The second stage of reform is contemplated as a longer-term undertaking. The discussion that follows addresses the need for change and describes the components of the first and second stages of reform.

While this proposal for reform is presented with a certain degree of specificity, it is primarily intended to focus attention on a conceptual framework for reform. The components of the two stages of reform are, of course, subject to modification.

***Discussion***

There is much duplication of patent application processing among the International Bureau of the World Intellectual Property Organization (WIPO), the receiving offices and International Searching and Examining Authorities and the national patent offices throughout the world. These procedures are ripe for simplification and streamlining. It is likely that the electronic filing and processing efforts currently under way among national Offices and at WIPO for PCT automation and in the Standing Committee on Information Technology will lead to processing improvements in the PCT system and in national systems throughout the world. Both stages of PCT reform proposed herein will also result in substantial streamlining of required processing.

From the perspective of potential users, the PCT is often criticized as being overly complex and unforgiving. Many inventors and patent applicants in the United States do not use the PCT system because of these concerns. PCT users must learn “PCT practice” in addition to the national patent practices in those countries in which patent protection is ultimately sought. On the other hand, as evidenced by continuously increasing levels of PCT filings, many users have adapted to the system. They have taken the initiative to learn “PCT practice” and the system works well for them. Nevertheless, this “PCT practice” is, in most cases, more complex than the corresponding national patent practice in a given country. “PCT practice” should be simplified and patent practices worldwide, including PCT practice, should converge to the extent possible to facilitate the process of obtaining worldwide patent protection.

Widespread membership in and implementation of the recently concluded PLT will contribute to the convergence of national practices and international practice under the PCT. However, convergence, alone, is not enough. To the extent PCT and national systems are susceptible to simplification, our users deserve, and we should strive to deliver, simplified systems. Under the present system, today’s inventors and patent applicants are placed in the untenable position of having to make worldwide business decisions based, in large part, on the costs of obtaining and maintaining patents. A more desirable state of affairs would be one in which patenting costs played little or no role in these business decisions.

For years now, the International Bureau has amended the PCT system using various meetings of PCT authorities and Contracting States as the vehicle for change. Many Contracting States and PCT authorities have been active participants in these meetings. These meetings have, however, focused only on changes to the regulations under the PCT, not the treaty itself. While many of the changes to the regulations have been important and warranted to address anomalous situations or situations not addressed in the articles, the end result is a set of regulations and a “PCT practice” that grows more and more complex each year. Additionally, the considerable resistance to changing the treaty articles has led, in the context of these meetings, to the convoluted amendment of

some regulations resulting in a set of articles and regulations that is, for some, impenetrable, if not irreconcilable. This increasing complexity creates barriers to use of the system, a trend that calls for fundamental change in the PCT system.

The proposals herein call for comprehensive PCT reform that will greatly simplify the PCT articles and rules and streamline processing for all entities involved. The articles, not just the rules, of the PCT and the roles of all of the players in the PCT system (the International Bureau, the receiving offices, the International Searching and Examining Authorities) must be reevaluated to develop a system that is responsive to the needs of the worldwide community of inventors and patent applicants. We should squarely confront the underlying source of complexities that we are faced with today – the overly detailed and complicated provisions that are found in the PCT articles. Real simplification can only be achieved by changing these heretofore immutable provisions. The proposals made here call for changes to the treaty articles, and rules, and result in genuine simplification.

The proposals that follow address both complexity and costs issues. On the issue of costs, the objective is to make the PCT system fully cost-competitive, or even less costly, when compared to the costs associated with direct national filings. It is, however, impossible, at this stage, to specifically quantify the cost reduction benefits of these proposals. Where appropriate, the potential for cost reductions are highlighted. On the issue of complexities, the objective is to take every opportunity to streamline and simplify.

### ***Proposals***

In conjunction with the implementation of the PLT, the PCT reforms proposed here would greatly facilitate the filing and processing of patent applications among all PCT Contracting States. The reforms would result in the ability to prepare a relatively simplified application in a single format, preferably in electronic form, that would be accepted by all patent offices throughout the world as a national patent application and/or an international PCT patent application. At the same time, processing of such an

application, whether national, international or both, could be accomplished in a much more seamless fashion in which any distinctions between the two could be minimized. Lastly, the great leap to the grant of substantive rights could be made for PCT applications and the system could move away from its current, non-binding patentability opinions and adopt procedures where substantive rights could eventually be granted via the PCT.

### *First Stage of Reform*

Changes to the PCT could be accomplished in two stages. The first stage could include modest, simplifying and PLT-based changes that would be targeted for implementation in about five years. To that end, the PCT Assembly could, in its next meeting, impose a relatively narrow mandate on a PCT revision committee to carry out this first-stage work.

The changes below are discussed in concept, only. It is considered premature to focus on specific language changes to the relevant articles. Nevertheless, to address transitional concerns, consideration should be given to changes that generalize the affected provisions, while embracing, where possible, both current practice and the desired reform objective.

The first stage could include the following changes<sup>1</sup>:

(1) Elimination of the concept of designations – The entire concept of designations could be deleted from the treaty. This issue is encountered, in the first instance, in Article 4(1)(ii). The result would be that the filing of an international application would automatically constitute the filing of an international application for all PCT States. The elimination of the need for designations would obviously result in the elimination of designation fees, currently provided for in Article 4(2). As the International Bureau migrates to an electronic environment, it is likely that its reliance on this current stream of revenue to accommodate processing and handling functions will be reduced. As noted

---

<sup>1</sup> Proposed changes for a given article are assumed to be accompanied by appropriate changes throughout the remaining articles and the regulations.

in item (10), below, the fee structure of the PCT system should be reassessed so that it is commensurate with services rendered. The continued need for communications to designated offices, under Article 20, could also be assessed. While it is arguable that PCT Rule 4.9 could be amended to provide for presumptive designations of all Contracting States, a more direct approach is warranted in the interests of real simplification and the rationalization of the PCT fee structure. Further, while the elimination of the designation fee mentioned in Article 4(2) could be accomplished by prescribing a designation fee of 0 Swiss francs, it would be preferable to restructure the treaty to completely eliminate the need for designations and fees therefor.

(2) Elimination of all residency and nationality requirements – These requirements are first encountered in Articles 9(1) and 10. The result would be that international applications could be filed by anyone, regardless of residence and nationality, and that the filing of international applications in any receiving office by any applicant would be permitted. This change would, obviously, greatly benefit patent applicants from non-Contracting States, especially those from developing and least developed countries, the priorities of which countries may necessarily not be focused on intellectual property matters. It may be warranted to build in a preference for the use of a given receiving office that also, ultimately, searches/examines a given application. It may be that a degree of flexibility on this issue could be achieved by amending PCT Rule 19. However, it is preferable to completely remove residence and nationality requirements as an issue. It is not an issue in national filing systems and, in light of the success of the PCT, it should no longer be an issue in the PCT. It should be recognized that this proposal may have the effect of reducing the incentive for non-PCT members to join the PCT. At the same time, this proposal may have the opposite effect, i.e., by exposing residents and nationals of non-PCT countries to the PCT system, the likelihood that those countries would join the PCT may be increased.

(3) Conform filing date requirements to those in the PLT – The filing date requirements of the PCT are contained in Article 11. Conformation to the PLT would require the deletion of paragraph (1)(i) and conforming changes to paragraphs (1)(ii) and (1)(iii) of

PCT Article 11. These changes would eliminate residency and nationality requirements, ease filing date language requirements, ease the “indication” requirement, ease the requirement to name the applicant, eliminate the designation requirement and eliminate the claim requirement.

(4) Conform “missing part”-type requirements to PLT procedures – In the PCT, the relevant procedures are found in Articles 11(2) and 14. Those procedures should be replaced with the improved procedures developed in the PLT, found in PLT Article 5, paragraphs 4 through 7.

(5) Availability of multiple searches and examinations – Article 15, et seq., and Article 31, et seq., and associated rules should be amended to accommodate searches and examinations from multiple authorities upon the request of an applicant. The availability of such an option would not alter the procedures relating to a first or primary search and its publication along with the publication of the international application. The results of subsequent searches could also be subject to publication. As the products of searching and examining authorities converge, i.e., as offices adopt common search tools and common search and examination strategies, these options may become unnecessary. Nevertheless, current PCT applicants are interested in the availability of these options and we should be responsive to their needs.

The International Bureau’s previous proposal for super searches carried out by a “Super-International Searching Authority” could also be consulted in restructuring these provisions. In fact, several options for supplementing the current searches could be considered: (1) the above-mentioned supplemental search; (2) a super-search or a collection and compilation of separate search reports; and (3) a super-search where all participating authorities sign-off on the result. The timing of these options, within or beyond current constraints, would have to be considered.

(6) Elimination of 20-month deadline for entry into national stage – In light of the fact that 80%+ of applications currently undergo international preliminary examination, this

intermediate requirement of national stage entry if examination is not pursued appears superfluous. Article 22 and associated articles and procedures could be deleted. This issue could also be addressed by an Article 47(2) procedure, in which the relevant time limit could be modified by a decision of the Contracting States. The deletion of the relevant provisions is preferred. It is important, however, not to foreclose early national stage entry, currently possible under PCT Article 23(2).

(7) Elimination of the concept of demands – Like the designation requirement, the demand requirement in Article 31 should be deleted. As a result, all international applications would automatically be subject to international preliminary examination, within the time frames of the current treaty. This should be pursued only if we can assure those applicants who would have foregone what is now Chapter II processing that they will not incur additional costs in these restructured proceedings. See item (10) on fee reassessments, below. Some merger of the international and national phases of processing could also occur, where, upon request of the applicant, the international application would go directly into substantive examination in the office of the International Preliminary Examining Authority. As with the issue of designations, it is arguable whether PCT Rule 53, *et seq.*, could be amended to provide for presumptive demands. Nevertheless, a more direct approach is warranted in the interests of real simplification.

(8) Accommodate further deferral of national stage entry – Article 39 provides for national stage entry at 30 months. The built-in deferral of national stage entry of the PCT, limited to 30 months, is often the primary objective of users of the PCT system. The desire of many applicants to further defer national stage entry should be accommodated. The treaty could be amended to provide for the possibility of deferrals at six-month intervals from the 30<sup>th</sup> month, for the payment of a deferral fee of, e.g., \$500 or more for each six-month deferral. The deferral fees would be distributed among Contracting States. The ability to further defer national stage entry would constitute substantial savings to PCT applicants. At the same time, however, the concerns of third parties must be kept in mind to avoid the creation of “submarine” applications/patents.

These concerns should be minimized by publication and access to search/examination results and, perhaps, by initially limiting this proposal to a single six-month deferral.

(9) Combination of search and examination – The separation of search and examination has built-in inefficiencies that should be eliminated. Authorities should be able to structure processing to minimize the inefficiencies inherent in separate searches and examinations. While Rule 69.1 addresses this issue, the procedures under this rule have limitations. The concept of combining search and examination would also build upon the concept of eliminating the distinctions in Chapter I (search only) and Chapter II (examination) of the PCT, as outlined in items (6) through (8), above. The resultant restructuring could take a number of different forms in which various reports could be delivered to applicants within various time frames. As the current uniformity of search and examination reports from various authorities is important to users, this uniformity should be maintained in a combined report.

(10) Fee reassessment – All PCT fees, including fees payable to the International Bureau, should be reassessed so that the fees are commensurate with services rendered and to reflect streamlined and reduced functions as a result of simplification and electronic processing.

(11) Reduction/elimination of formalities review or handling of applications – The successful implementation of the above concepts and electronic filing/processing will obviate the need for many of the review and handling functions throughout the patent offices of the world. This will be especially true for many of the functions currently performed at the International Bureau.

(12) Reenergize technical assistance under PCT Articles 51 and 56 – While much technical assistance has been successfully undertaken and is ongoing, developing country Contracting States continue, in many contexts, to request further assistance. Efforts should be made to further particularize and respond to these needs under the auspices of PCT Articles 51 and 56.

(13) Electronic international publication – The International Bureau will still be responsible for publication of international applications. However, publication functions will be streamlined by the availability of electronic means for publication and dissemination.

(14) Electronic transmission of search/examination results – The successful implementation of WIPO-net, electronic filing and electronic processing will facilitate collaboration in and sharing of search and examination results throughout the world. Developing countries will be important beneficiaries of these advances, especially with regard to the proposal in the second stage of reform in which determinations from certain authorities will bind Contracting States.

(15) Other PLT-consistent changes.

Additionally, the first stage of changes could include amendments to the Articles, if necessary, and regulations to accommodate electronic filing, electronic processing and the emergence of intellectual property digital libraries (IPDLs). For example changes could be made to:

- alter the mode of transmission, preferably through the use of IPDLs, of many of the numerous communications and transmittals between/among offices currently provided for in the Treaty, e.g., in Articles 12, 13, 20, 36 and 39;
- simplify the processing of voluminous submissions (e.g. computer programs);
- simplify nucleotide and amino acid sequence application processing;
- maximize the efficiency of the overall PCT process by more closely integrating the functions performed by the participating offices of PCT Contracting States and the International Bureau;
- reduce the overall administrative processing burdens on the International Bureau and the PCT Contracting States; and

-- facilitate the ability of all PCT Contracting States, especially those in developing countries, to manage the process of review and granting of patents by making all search and examination reports (separate or combined) available as soon as possible to all Contracting States via, e.g., the use of IPDLs.

### ***Second Stage of Reform***

The second stage of PCT reform could include a much more comprehensive overhauling of the entire PCT system that would result in a system bearing little resemblance to the PCT system of today. It is envisioned that this second stage would incorporate the following concepts:

(1) Regionalization of current search/examination authorities - In recent years, the PCT has seen growth in the number of searching and examining authorities. However, greater efficiencies and enhanced quality could be realized by consolidating these authorities. The criteria for Authorities should migrate from the current quantitative criteria to criteria that are based upon the potential for widespread acceptance of the work product of the authority. This will be important as we migrate to a PCT system in which examination results may be binding on PCT Contracting States. (See item (3), below.)

(2) Elimination of distinction between national and international applications – The distinctions between national and international applications should be eliminated except, e.g., for the appropriate indication that a given application is also being filed as a PCT application. The intention here is to focus not only on the application, itself, but also on the ability of a given Office to avoid the processing of essentially duplicate applications. If a national application is filed first, as is the case with the vast majority of applications filed in the United States, the filing of a PCT application could be effected merely by indicating in/on the national filing that the application is also to be considered an international application for the purposes of the PCT. In the case where an international application is first-filed, the reverse could be true.

(3) Positive examination results in certain PCT authorities binds Contracting States – This would constitute a departure from the current, non-binding patentability opinions of the PCT and could require, in the first instance, the adoption of positive results from certain authorities in non-authority Contracting States.

(4) Provide further flexibilities in terms of relaxed timing requirements for national stage processing – In light of the fact that this stage of PCT reform will include an early determination of prospects for patentability, it may be appropriate to relax the timing of national stage entry beyond that agreed upon as a result of the first stage of PCT reform, keeping in mind the concerns relating to “submarine” applications/patents and the fact that those concerns should be allayed by publication and access to search/examination results.

Clearly, this second stage constitutes a radical departure from today’s PCT system and may meet resistance from many quarters. Nevertheless, in order to effect meaningful and positive change, concerned Contracting States should aggressively support an overhaul of the PCT system along these lines.

#### ***Critical Issues and Critical Success Factors***

There are many issues that will come into play in going forward with either the first or second stages of PCT reform. They include:

-- Resistance to meaningful PCT reform – There are many reasons advanced as to why the current PCT articles cannot be revised. Many people foresee insurmountable difficulties in making a transition from the current PCT to a “PCT II.” For example, the prospects for reaching agreement among all current PCT Contracting States on a “PCT II,” and, then, having all current PCT Contracting States ratify the new instrument in a timely fashion are considered unlikely. Nevertheless, real reform can only be achieved if the PCT articles are amended. The benefits of a meaningful reform package, in terms of reductions in costs and complexities, should serve to overcome the reluctance to opening up the treaty.

-- The “language problem” – Translation requirements and costs are draining vital resources from inventors and patent applicants throughout the world. A realistic solution must be found. A revised PCT cannot exacerbate this problem.

-- IPDLs – The availability of IPDLs will level the playing field among intellectual property offices in many areas, particularly with respect to search tools. IPDLs will also facilitate the use and transfer of search and patentability determinations from one office to another. In this respect, IPDLs will be important to the development of patent offices in developing countries.

-- Timing – It is likely that the second stage recommendations for PCT reform may not be considered all that radical once the benefits of electronic filing, processing, and publishing and the benefits of IPDLs are experienced by all players.

-- Substantive harmonization – It is likely that international, substantive harmonization would enhance the chances of success for the adoption of the more far-reaching, second stage of reform.

### ***Recommendation***

-- The adoption and implementation of the above-outlined, modest PLT-based PCT changes should be accomplished within the next five years.

-- A complete overhaul of the PCT system should be undertaken thereafter.

### ***Milestones/Timelines***

-- May 2000 Diplomatic Conference concludes PLT

-- Begin process for modest, PLT-based PCT changes at September 2000 PCT Assembly meeting, for adoption and implementation by 2005

-- Complete overhaul of PCT system thereafter

[End of Annex and of document]