

WIPO ASSEMBLIES 2011

Report of the Director General

September 2011



1. I am pleased to report on the main developments in the Organization in the twelve months since the last meeting of the Assemblies of the Member States in September 2010. Overall it has been a good year for the Organization, with progress in a large number of areas.

Global IP Systems¹

2. The last year has seen demand within the Organization's global systems return to pre-crisis levels and start to advance beyond them. Despite the summer turbulence in financial markets and the uneven nature of the recovery, we believe that this growth will continue in the new biennium of 2012-2013, where our projections indicate that the income of the Organization should rise by 4.7%. Three enduring trends underlie these projections: growing recognition of the systems' benefits, the higher rate of increase in investment in intangibles than in tangible assets in major economies and the multipolar nature of growth in the global economy. We shall, nevertheless, continue to monitor carefully the evolution of the global economic situation and its impact on our global systems and, if necessary, adjust both our projections and our expenditure patterns.

3. **Patent Cooperation Treaty (PCT).** In 2010, 164,300 international applications were filed under the PCT, an increase of 5.7% compared to 2009. The first six months of 2011 saw a continuation of growth, the number of international applications received being 9.58% more than in the equivalent period in 2010. Revenue did not increase by a commensurate amount, however, because of the adverse impact of the sharp appreciation of the Swiss franc.

4. The shift in the geography of demand in the PCT also continued. In 2010, international applications from China, the Republic of Korea and Japan increased by 55%, 20.3% and 8%, respectively, compared to the previous year. From 2002 to 2010, the average annual growth rate from the three countries was 15.1%, compared to 1.1% for North America and 3.1% for Western Europe. In addition, last year, PCT filings from Asia overtook those from Europe, so that Asia became the region from which the highest number of international applications under the PCT was filed. This shift has increased the linguistic diversity of technology or, in technical terms, of the prior art, a development that has an impact on the capacity of patent offices to do universal novelty searches, as well as on the capacity of enterprises, especially small and medium enterprises to evaluate what rights may be opposed to them in markets in which they wish to operate. It underlines the importance of the translation work done by WIPO in the PCT,² the ongoing development of a terminology database within the PCT and the development of machine assisted translation tools.³

5. The membership of the PCT Union, 144 States, has remained largely static, having increased by two in the period since the last Assemblies, with the accessions of Qatar and Rwanda. The three areas of the world where significant numbers of countries have not yet joined the PCT are the Arab region, South East Asia and South America.

6. Progress was made in the PCT Working Group with the adoption of recommendations for the implementation of the PCT Road Map for the improvement of the functioning of the PCT. A recent feature of the patent landscape internationally that has implications for the PCT is the Patent Prosecution Highway

¹ The Report is organized by reference to the nine Strategic Goals of the Organization. This section corresponds to Strategic Goal II: The Provision of Premier Global IP Services.

² Under the PCT, the International Bureau prepares English and French language abstracts or summaries of every international application and an English language version of every International Preliminary Report on Patentability.

³ See PATENTSCOPE Translation Assistant (www.wipo.int/patentscope/translate/translate.jsf) and WIPO's cooperation activities in making available PATENTSCOPE's Corpus of Parallel Patent Applications to the scientific and research communities.

(PPH), a network of bilateral agreements under which a patent application which has been the subject of a first substantive review and report in the country of first filing will receive accelerated processing in the country of second filing. Bilateral PPH arrangements exist between some 20 countries now.⁴ Over the past two years, 18 PPH arrangements have been concluded that allow for the international search and international preliminary report on patentability under the PCT to be used as a basis for accelerated processing between the parties to a PPH arrangement. We welcome this rapprochement of the PPH and the PCT. We believe that the PCT should be the vehicle for building further improvements in the international patent system, as the PCT Road Map envisages. The inclusion of the PCT within PPH arrangements adds an interesting dimension and choice for applicants under the PCT.

7. The use of information technology (IT) within the PCT system as a whole, both within the International Bureau and between the various actors of the PCT system (applicants, the Receiving Offices, the International Authorities and the Designated Offices) continues to advance extremely well. In 2010, 83% of all international applications were filed electronically. The electronic dossier and other IT tools and systems have enabled enormous productivity gains to be made, in particular in the areas of formalities examination and publication preparation. In 2010, the International Bureau processed over 164,000 international applications with approximately 16% less staff in PCT Operations than we had in the year 2000, when only 90,000 international applications were processed. The accompanying growing translation workloads were absorbed through outsourcing, rather than large-scale recruitment of translation staff. The growing number of filings from China, Japan and the Republic of Korea, which are significantly more expensive to translate, is causing long-term upward pressure on the International Bureau's cost structure. This is being mitigated by the introduction of more competition in the outsourcing arrangements for translation, as well as more reliance on technology in the translation process.

8. An exciting new IT system, called ePCT, is currently in a restricted production phase with a small number of representative users of the PCT. At the end of 2011, the system will start to be deployed to a wider number of users in an incremental fashion with a view to it becoming fully available in the course of 2012. ePCT provides a secure electronic environment that allows applicants to consult and interact with their international applications online (including before international publication) in order to monitor and check the status of actions and to upload electronic documents directly into their dossiers as an alternative to posting or faxing them. The suite of ePCT online services will gradually be extended to include additional features, such as, for example, a new web filing service for the online filing of PCT applications. In addition to an enhanced user experience, we expect further improvements in productivity to result from the deployment of ePCT. We believe that ePCT will represent the state of the art and be as good as, if not better than, any equivalent system available elsewhere worldwide (of which there are few).

9. **Madrid System for Marks.** In 2010, 39,687 international applications were filed under the Madrid System for the international registration of marks, an increase of 12.8% compared to 2009. In 2011, the increase continued, but at the lower rate of growth of 7.4% for the period until the end of August 2011. Nevertheless, we expect a record number of international applications to be filed in 2011, taking us past the 2008 total for the first time.

10. The Madrid System is essential to the efficient protection of brands worldwide. At the end of 2010, over half a million (526,674) international registrations were active, containing some 5.5 million active designations (effectively, 5.5 million trademark registrations in the various Contracting Parties). Those registrations belonged to some 175,000 right-holders, many of them small and medium enterprises. The real potential of the System is limited, however, by the restricted geographical coverage of the System.

⁴ See www.jpo.go.jp/pph-portal/index.htm.

Despite the age of the Madrid System, which started 120 years ago with the conclusion of the Madrid Agreement in 1891, the membership still comprises only 85 Contracting Parties. There are encouraging signs that this will change and that the System is on the verge of a significant expansion. The Indian Parliament has approved legislation to facilitate accession to the Madrid Protocol, those ASEAN countries that are not yet members are preparing to join, as is New Zealand, and several Latin American countries, as well as Tunisia, are also well advanced in their preparations for joining.

11. A major effort is underway to simplify the Madrid System, which has suffered from the complexity of two parallel systems, the Madrid Agreement and the Madrid Protocol. Considerable progress was made in the last year towards a unitary system, with two of the three countries that were party to the Madrid Agreement without being party to the Madrid Protocol, acceding to the Madrid Protocol. When the third of these three countries also accedes to the Madrid Protocol, a single system will exist, which will greatly simplify life for all concerned with the Madrid System.

12. Major improvements in the IT environment of the Madrid System are being developed through an IT Modernization Program that is being undertaken in two phases. The first phase consists of the design and pilot deployment of a new technical architecture that will permit Offices and applicants to consult and to interact securely with dossiers with the aid of various Internet-based client communication tools. The second phase of the Program will be the deployment in full production mode of the new architecture by an external company. Phase I Modernization activities are nearing completion, whilst the procurement procedure for Phase II will be concluded in October of this year.

13. A new product, the Madrid Goods and Services Manager, was made available in early 2011. It is an electronic search, classification and translation tool that has been developed by the International Bureau. It provides user-friendly access to a database which, at that time, contained 30,000 terms in English, French, Russian and Spanish that are acceptable for use in applications. Work is continuing on increasing the linguistic range of the tool through cooperation agreements with Member States for the translation of the database into Arabic, Chinese, Dutch, German, Hebrew, Italian, and Portuguese. The Goods and Services Manager will enter full production mode at the end of 2011, at which time it will include some 40,000 terms in eleven different languages.

14. **Hague System for Designs.** The Hague System for the international registration of industrial designs has also experienced significant growth, although from a relatively much lower base. In 2010, international applications increased by 32.6% over the previous year, with a total of 2,382 applications being filed. In the first six months of 2011, the growth rate in applications was 21.5%.

15. The Hague System, in its latest version of the Geneva Act of 1999, is still relatively young. We are making considerable efforts to expand its geographical coverage. Forty-two Contracting parties are now party to the Geneva Act, four having acceded in the past year (Azerbaijan, Finland, Monaco and Rwanda). We are working closely with a number of States that are considering joining the System and are confident that the next three years will see a significant expansion in the membership.

16. The IT environment of the Hague System is also undergoing renovation through the same IT Modernization Program mentioned in paragraph 12 in relation to the Madrid system. In addition to the progress mentioned above, a new electronic filing tool, based on new technical architecture, is being developed and will be made available to filers in the Hague System before the end of 2011. Work is also well advanced on the IT support for a transition to a weekly Hague publication cycle in place of the current monthly cycle. The weekly publication cycle for the Hague System will commence from the beginning of 2012.

17. **Lisbon System for the International Registration of Appellations of Origin.** While the Lisbon System is now over 50 years old, it has never managed to attract widespread participation, only 27 States being party to the underlying treaty. A major effort to review the System, with a view to broadening participation in it, is underway in the Working Group on the Development of the Lisbon System. Following substantive discussions at three sessions of the Working Group, a draft of a revised text of the treaty and its regulations has been prepared for consideration by the Working Group at its next session in December 2011. The focus of the Working Group is on improving the Lisbon System so as to allow for the international registration of geographical indications, in addition to appellations of origin, and for the participation in the System of eligible intergovernmental organizations.

18. Good progress has been made with the use of electronic tools under the procedures of the Lisbon system, notably for the automation of the notification and registration procedures and the on-line publication of data from the International Register. Electronic communication of notifications has been established with over 50% of the membership. In addition, the official publication of the Lisbon system, the Bulletin “Appellations of Origin”, will be available in the future exclusively in electronic form.

19. **WIPO Arbitration and Mediation Center.** The Center remains the pre-eminent service provider for Internet domain name disputes. In 2010, the Center received 2,696 cyber squatting cases covering 4,370 domain names under procedures based on the Uniform Domain Name Dispute Resolution Policy (UDRP), an increase of 28% over the 2009 level. Since the UDRP’s launch in December 1999, the WIPO Center has received over 21,000 UDRP-based cases, covering some 35,000 domain names in both generic and country code Top Level Domains (gTLDs and ccTLDs). WIPO cases in 2010 involved parties from 112 countries. These cases were decided by 327 panelists from 49 countries in 13 different languages.

20. The Center continues to contribute to the development of uniform international policy for dealing with trademark abuse by cyber squatting through widely used reference tools, including an Overview of WIPO Panel Views and a Legal Index of WIPO UDRP Decisions, as well as by providing trademark-based domain name policy input to stakeholders of the Internet Corporation for Assigned Names and Numbers (ICANN), especially in the context of ICANN’s plans to roll out high numbers of new generic Top Level Domains, possibly as of late 2012. While the UDRP will apply to such new domains as well, there are concerns in many quarters about the possibility of an ICANN UDRP review adversely affecting this globally proven mechanism.

21. The Center’s case load of mediations and arbitrations for general IP disputes continues to grow steadily. The Center has now administered over 250 mediation and arbitration cases. It has also developed specialized procedures for particular industry sectors, including film and media, collective management of audiovisual works and art and cultural heritage. These specialized procedures enable the specific needs and characteristics of different economic sectors to be taken into account in the design of the dispute-resolution procedure.

International Normative Framework⁵

22. The past year has seen positive outcomes in a number of areas of the Organization’s normative program. These outcomes have included:

- (i) A recommendation of the Standing Committee on Copyright and Related Rights (SCCR) to the Assemblies to convene a diplomatic conference on the protection of audiovisual performances

⁵ Strategic Goal I: Balanced Evolution of the International Normative Framework for IP

in 2012, a breakthrough after 11 years of stalemate following the unsuccessful diplomatic conference on this subject in 2000;

- (ii) Great progress in the SCCR towards agreement on the content of an international instrument on limitations and exceptions with respect to persons with print and other reading disabilities;
- (iii) Agreement in the SCCR on a new work plan for the protection of broadcasting organizations;
- (iv) Agreement in the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) on a recommendation to the General Assembly of the terms of a renewed mandate for the IGC in 2012-2013;
- (v) Progress in the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) on the development of an international instrument on design law formalities; and
- (vi) Adoption of a substantive work program in the Standing Committee on the Law of Patents (SCP).

23. These outcomes were made possible by the active engagement of Member States in addressing the issues before the various Committees, as well as by the cooperative and constructive atmosphere that prevailed in the Committee meetings, which contributed greatly to achieving agreement.

Development⁶

24. The Organization's development cooperation program continues to be guided by a strategic needs-based approach, organized around four themes – the development of national IP and innovation strategies; the development or updating of legal and institutional frameworks; the development of infrastructure, usually through office automation and modernization programs; and capacity building.

25. A large number of countries have commenced processes for the development of national IP and innovation strategies that are aimed at matching the use of IP to national economic circumstances and objectives. At the same time, work has been undertaken on the design of an improved methodology for preparing such strategies and for their better integration into national development plans.

26. We have continued to “mainstream” activities for improving the capacity of developing countries and the least developed countries to participate in and use the intellectual property system. This approach is aimed at ensuring that all the programs of the Organization consider the improvement of the capacity of the developing countries and the least developed countries to participate in, and benefit from, the intellectual property system in delivering the outcomes that they are expected to achieve. It relies on greater cooperation between the various program managers and more coherence in planning, both of which are being realized.

27. The WIPO Academy is a primary instrument for capacity building. Its Distance Learning Program continues to be appreciated. In 2010, a total of 54,533 persons from 195 countries benefited from WIPO Academy programs (53,522 of them through the Distance Learning Program). Ten summer schools were conducted in different locations around the world, attracting numerous (302) participants. Progress was made in implementing the Development Agenda project for establishing Start-Up Academies, with plans for such Academies progressing in 11 countries.

28. The implementation of the recommendations of the Development Agenda continued to be a priority. There are now 20 projects and other activities underway to implement those recommendations. They

⁶ Strategic Goal III: Facilitating the Use of IP for Development

cover a broad range of issues, including IP and Technology Transfer, IP and the Public Domain, IP and Socio-Economic Development, IP and Competition Policy, Product Branding and projects to address transparency and governance issues by enhancing the Organization's Results-Based Management (RBM) Framework to support the monitoring and evaluation of development activities and by providing information on WIPO's technical assistance through a database available on the Organization's website.

Global Infrastructure⁷

29. A large number of advances have been made in the Global Infrastructure Sector in providing databases, platforms and services for the IP system globally and in building the capacity of the developing countries and the least developed countries to participate in and use that infrastructure.

30. **Global Databases.** The patent system has produced the most comprehensive, systematic and accessible record of humanity's technology available. WIPO's PATENTSCOPE database expanded over the past year to contain over eight million technology disclosures or patent documents, covering 27 national and three regional collections with an interface that is available in nine languages. As noted above, machine assisted translation for abstracts has been developed in three languages and cross-lingual search in nine languages.

31. In March 2011, we launched a new global brand database that incorporates data on marks from the Madrid System and data on notifications of State emblems under Article 6ter of the Paris Convention and registrations under the Lisbon System. In the last quarter of 2011, the database will expand to include collections of data on registrations of marks in three countries.

32. **Technical Infrastructure.** The Intellectual Property Automation System (IPAS) developed by the International Bureau for office modernization is in heavy demand. In 2010, 51 countries were assisted in the deployment or use of IPAS. Forty more countries have requested assistance, which will be extended when time and resources permit. The assistance provided extends beyond the simple deployment of an electronic system to the re-engineering of work flow processes, business solutions and the digitization of data, making a significant contribution to the e-government initiatives of Member States.

33. Several platforms are being developed and deployed to make available opportunities for cooperation or work-sharing between offices. WIPO CASE (Centralized Access to Search and Examination), a platform for sharing search and examination results, has become operational between the Vancouver Group (Australia, Canada and the United Kingdom) and is under preparation for implementation amongst the countries participating in PROSUR (Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Suriname and Uruguay). WIPO DAS (Digital Access Service), which provides online access to priority documents, has been expanded to cover trademarks, industrial designs and utility models, in addition to patents.

34. **Tools.** Improvements have been made in the international classifications managed by WIPO. A new, simplified structure for the International Patent Classification (IPC), and a corresponding publication platform, entered into operation in January 2011. To help identify existing and emerging green technologies, an on-line tool based on the IPC was established that will facilitate searches for patent information relating to Environmentally Sound Technologies (ESTs). A reform of the Nice Classification of goods and services for marks, which will facilitate more timely and dynamic revisions of the Classification, was agreed in the Nice Committee of Experts. A new edition of the Nice Classification was published for entry into force in January 2012.

⁷ Strategic Goal IV: Coordination and Development of Global IP Infrastructure

35. **Services for Access to Knowledge.** The Organization assists in establishing Technology and Innovation Support Centers (TISCs) to improve the capacity of the developing and least developed countries to use the technology disclosures of the patent system and to have access to scientific and technical literature. TISCs have been launched in 18 countries.

36. Two programs have been developed, with the assistance and generous contributions of publishers and patent information providers, for making scientific and technical periodicals and data available for free (for anyone in a least developed country) or at very favorable preferential rates (for persons or institutions in other developing countries). The Access to Research for Development and Innovation (aRD_i) program provides access to leading scientific periodicals, while the Access to Specialized Patent Information (ASPI) program enables patent offices and academic and research institutions in developing countries to receive free or low-cost access to sophisticated tools and services for retrieving and analyzing patent data. In the last year, aRD_i became a full partner in the Research4Life (R4L) public-private partnership that includes similar programs from the Food and Agriculture Organisation (the AGORA program), United Nations Environment Programme (the OARE program) and the World Health Organisation (HINARI program). Over 150 of the world's leading publishers contribute more than 8,000 peer-reviewed journals to these programs.⁸

Global Reference Resource⁹

37. Major strides have been taken towards achieving the goal of establishing the Organization as the world reference source for IP information and analysis. The WIPO GOLD¹⁰ portal was opened as a central access point to the various databases and other reference collections of the Organization. WIPO Lex¹¹ has been developed in close cooperation with Member States to the point of being the single most content-rich legal database available on IP. It makes available online some 7,600 legal texts from nearly 200 jurisdictions in over 50 languages in a well organized and highly accessible form.

38. A number of important economic and statistical studies were published, including:

- (i) World Intellectual Property Indicators 2010;
- (ii) Yearly reviews of the PCT, Madrid System and Hague System;
- (iii) World IP Facts and Figures 2011 (published last week); and
- (iv) Statistical Country Profiles.¹²

We joined Alcatel-Lucent, Booz & Company and the Confederation of Indian Industry (CII) as a knowledge partner of INSEAD to produce the Global Innovation Index 2011. And we will publish in the next month a major report on The Changing Nature of Innovation and the Role of Intellectual Property.

Building Respect for IP¹³

39. The thrust of the Organization's program on building respect for IP continues to be capacity-building, legislative and policy advice, awareness-raising and exchange of information. Within the Advisory Committee on Enforcement, important work has been undertaken to advance understanding of the methodology for the economic analysis and quantification of piracy and counterfeiting. WIPO hosted, in

⁸ See www.research4life.org

⁹ Strategic Goal V: World Reference Source for IP Information and Analysis

¹⁰ www.wipo.int/wipogold/en/

¹¹ www.wipo.int/wipolex/en/

¹² www.wipo.int/ipstats/en/statistics/country_profile/

¹³ Strategic Goal VI: International Cooperation on Building Respect for IP

collaboration with INTERPOL and the World Customs Organization (WCO), the Sixth Global Congress on Combating Counterfeiting and Piracy in Paris in February 2011.

Global Policy Issues¹⁴

40. Two platforms that seek to leverage the use of IP for addressing global policy challenges have progressed well towards launch later this year. The first is WIPO Re:Search, a platform for sharing innovation in the fight against neglected tropical diseases, tuberculosis and malaria. A broad group of pharmaceutical companies and national research institutions from a diverse range of countries have signaled their willingness to participate, the World Health Organisation (WHO) has agreed to serve as technical adviser and BIO Ventures for Global Health (BVGH) has agreed to act as administrator of the Partnership Hub. The second is WIPO Green, a technology exchange for environmentally sustainable technologies, which aims to improve the availability and accessibility of such technologies.

Communications¹⁵

41. A Customer Service Center was established in October 2010, aiming to bring more coherence and responsiveness to the Organization's interface with the external world. Under the tutelage of the Customer Service Center, customer service units have been established in the areas administering our Global IP Systems. We are also developing the capacity to service calls on a 24-hour basis, with the use of our External Offices. We are starting the process of developing a single, integrated database of client contacts, which will bring efficiencies to our mailing and expedition services, as well as enable us to serve better the needs of our stakeholders.

42. We are preparing to undertake a major renovation of our website, with the objective of rendering it more simple, economical and user-friendly with, over time, expanded coverage of content in all official languages of the United Nations.

43. As part of the Strategic Realignment Program (SRP), an initiative to strengthen internal communications has advanced, with over 130 staff volunteering to participate in discussions and workshops to identify strengths and weaknesses in WIPO internal communications channels and to help develop concrete proposals for improvements.

Finance and Management¹⁶

44. The finances of the Organization remain healthy. While demand for the Organization's services in the Global IP Systems is expected to meet budget predictions in the current (2010-2011) biennium, income will not, as a consequence of the sharp and rapid appreciation of the Swiss franc. We have managed this situation through a package of internal efficiency measures and expect to end the biennium without a deficit. In the course of the biennium, we have also achieved compliance with International Public Service Accounting Standards (IPSAS) in our financial statements.

45. Great progress has been achieved in our various building and premises projects. The new building ("New Construction Project") has been completed and some 500 staff have been re-located from rented premises to the new building. It is a beautiful facility and the staff response to working in it is very positive. Work is well underway on the New Conference Hall. With the assistance of Member States, the general

¹⁴ Strategic Goal VII: Addressing IP in Relation to Global Policy Issues

¹⁵ Strategic Goal VIII: A Responsive Communications Interface between WIPO, its Member States and all Stakeholders

¹⁶ Strategic Goal IX: An Efficient Administrative and Financial Support Structure to Enable WIPO to Deliver its Programs

contractor has been selected and a contract concluded. The construction will involve inconvenience for the next year and a half. We hope to commission the New Conference Hall in time for the meetings of the Assemblies in 2013. The new perimeter security project for the WIPO campus has been approved by the relevant authorities and work is about to commence on it. In this area, our life has been greatly facilitated by the help, as well as the generosity, of the Host State, particularly through the amiable and efficient services of the Permanent Mission of Switzerland in facilitating relations with the cantonal and municipal authorities.

46. Throughout 2011, the various initiatives of the SRP moved from the design to the implementation stage. A large number of initiatives are grouped under the SRP. I have already made mention of internal communications. Other prominent initiatives include the achievement of a results-based management framework, for the first time, in the presentation of the draft Program and Budget for the 2012-2013 Biennium; the completion of the first full cycle of the new Performance Management and Staff Development System, which was commenced in 2009; the establishment of an Ethics Office, a declaration of interest policy for officials at the Director level and above (as well as those in sensitive positions, such as those working in procurement) and draft work on a whistle-blower policy and a financial disclosure policy.

47. The new Independent Advisory and Oversight Committee (IAOC) has been working throughout 2011 and providing invaluable assistance to the International Bureau, especially through its risk-based approach.

48. We are nearing the end of the mandate of our Externals Auditors, the Federal Department of Finance of the Swiss Confederation. This has been a long and fruitful relationship, dating back to the nineteenth century, when the predecessor of WIPO was under the High Authority of the Swiss Federal Government. The Federal Department of Finance has performed these services for over a century free of charge. The Organization is indebted to it.

In continuation of the theme of gratitude, let me conclude by expressing my thanks to all my colleagues in the International Bureau for their dedication, hard work and professionalism throughout the past year. I believe that we have achieved a great deal. This has been their achievement.



Francis Gurry
Director General

