

OECD Conference on IPR, Innovation and Economic Performance

Session 6: Current and Future Policy Changes

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Issues for Discussion

- What are the major challenges ahead for IPR policy in OECD countries?
- What is the effect of sectoral differences on patenting behavior and on patent policy?

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Protecting IP Internationally

- Continued growth of Internet, communications and other technologies
- Borders crossed more easily than ever
- More important for individuals and businesses to protect intellectual property internationally
- Emerging fields: biotech, software, etc., increases in application filings
- Need for more uniform laws and reduction of duplication of effort among patent offices

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USG Objectives

- Strengthen and expand intellectual property rights globally
- Expand bilateral, regional and multilateral discussions on patent law reform
- Reduce duplication of effort among intellectual property offices
- Facilitate work-sharing

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USG Objectives - continued

- Adopt uniform electronic filing and processing solutions
- Address current challenges
- Ability for applicants to prepare a relatively simplified application in a single format, preferably in electronic form, that would be accepted by all patent offices, in **form** and **substance**, as national/international application

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WIPO Views on Patents and Economic Development

- Strong patent systems benefit both developed and developing countries
- Patents facilitate technology transfer and foreign direct investment
- Patents encourage research and development
- Patents are catalysts for new technologies and industries, including small and medium enterprises
- Note Convention Establishing WIPO

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Challenges

- Slowing of progress in patent reform discussions
- Intellectual property rights portrayed as the scapegoat for many of the world's ills
- Developing countries portrayed by many as "victims" vis-à-vis intellectual property rights and the TRIPs Agreement
- Lack of the rule of law
 - General legal infrastructure
 - For grant and enforcement of intellectual property rights
- Lack of economic freedom and opportunity

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Challenges

- Patronizing view of role of developing world in innovation
- Models of success all around us, but many developing countries not able to "cash-in"
 - Doesn't mean model is bad
 - Doesn't mean intellectual property rights are bad
- Technical assistance
- Specific issues in SCP, PCT Reform and IGC
 - Some developed country issues likely capable of resolution or accommodation
 - Others – discussed later

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USG Strategy on Patent Law Reform

- Status of PLT entry into force and implementation in the United States
- PCT reform efforts
- Standing Committee on the Law of Patents
- "Work-sharing" efforts and future cooperation
- Other issues

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Where We Are Now

- Patent Cooperation Treaty - 1970
 - Facilitates filing of applications internationally
 - Provides non-binding search and examination results
- TRIPs Agreement – 1995
 - Established minimum standards of patent protection, as well as other IPR, detailed rules on enforcement including civil, criminal, provisional (injunctive) and border measure provisions.
 - With national treatment and most-favored nation principles and makes TRIPs subject to WTO dispute settlement.
 - URAA – implemented, among other provisions, TRIPs Agreement in United States

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Where We Are Now

- Patent Law Treaty of 2000
 - Formalities harmonization - sets forth, for the most part, maximum formal/procedural requirements that Contracting Parties may impose
 - Easier access/reduced costs for multinational protection
 - Entry into force – need 10 countries
 - Seven states, to date
 - United States – ratification and implementation package in clearance process
- Ongoing Discussions in the SCP and the PCT Reform Working Group

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Patent Cooperation Treaty

- Since inception, its use has exceeded expectations
- Statistics
 - About 115,000 PCT applications in 2002
 - In U.S., - 44,609 – 39.1% of all filings
 - Relatively high growth in developing countries

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PCT Reform –U.S. Proposal

- United States Proposal for PCT Reform – August 2000
- Need to streamline the treaty
 - Cumbersome procedures
 - Duplicative Processing

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PCT Reform-U.S. Proposal

- Major elements of “First Stage” of U.S. Proposal:
 - Elimination of designations
 - Conforming filing date to PLT
 - Elimination of 20-month deadline for national stage entry
 - Elimination of demands
 - Combination of search and examination

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PCT Reform-Accomplishments

- 2001 PCT Assembly Meeting - unanimously adopted the modifications of the time limits fixed in Article 22(1) of the PCT – from 20 months to 30 months for performing acts necessary to enter the national phase and transitional arrangements

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PCT Reform-Accomplishments

- Implementation in the United States of the 20 to 30 month change for Chapter I processing:
 - Implemented by rule change
 - USPTO published a final rule in Federal Register in January 2002 to amend 37 CFR 1.494, effective April 1, 2002
- Urge adoption of rule change and elimination of transitional reservations by all PCT countries – only several more to go

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PCT Reform - Accomplishments

- **July 2002 Reform Committee Recommendations**
 - Include international search opinion with the international search report
 - Automatic designation and election of contracting parties
 - Allow for exclusion of specific member states
 - Simplify fee system with a “flat” international filing fee
 - Implement a “communication on request” system
 - Only one applicant need sign the PCT request form
 - Reduced formal requirements for power of attorney
 - Conform certain priority provisions of PCT with PLT
- 2002 PCT Assembly adopted all PCT Reform Committee Recommendations; some went into effect January 1, 2003 and most January 1, 2004.

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PLT 2000 and PCT Reform

- First stage of proposed reforms – largely achieved
- Convergence of national and international practices
 - 2000 PLT plus Reformed PCT
 - Objective - ability to prepare a relatively simplified application in a single format, preferably in electronic form, that would be accepted by all patent offices as national/international application

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PCT Reform – Search and Examination Guidelines

- In light of changes adopted at 2002 Assembly meeting, PCT search and examination guidelines are being overhauled
- USPTO has taken the lead in revision, cooperating with Trilateral offices and WIPO – last of 3 MIA meetings to finalize revised guidelines in July 2003
- Revised guidelines may have independent, harmonizing effect
- Consistent with work on substantive patent law treaty in SCP

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PCT Reform – May 2003 Working Group Meeting

- Working Documents – 23 in all, on a variety of outstanding and new issues
- Major Issues
 - Fee issues
 - Filing and handling fees
 - Future Development of International Search and Examination – opposition to voluntary protocols
 - Swiss Proposal – on source of genetic resources and traditional knowledge
- Prospects for further reform - ?

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Standing Committee on the Law of Patents (SCP)

- New approach - “Deep Harmonization” on limited issues - for both law and underlying practice
- Determine the “Best Practices” for drafting, filing and examination of patent applications.

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SCP

- Only a single application would need to be drafted and used, with consistent examination results, around the world.
- Goal: mutual recognition, mutual exploitation, work-sharing

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SCP- Major Issues

- Early Apparent Progress –
 - Progress on establishment of international grace period
 - Working Group on Multiple Invention Disclosures and Complex Applications
 - “Unity of invention” may be outdated (note USPTO’s May 20, 2003 Federal Register notice)
 - Differences in practices as to claiming

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SCP- Major Issues

- May 12-16, 2003 SCP – latest meeting
 - Prospects for success – becoming clouded ...
 - Areas of controversy over the last few meetings:
 - Patent eligible subject matter
 - Inclusion of references to TRIPs Article 27.2 and 27.3
 - Proposed exceptions to patentability for issues concerning public health, the environment, protection of genetic resources, traditional knowledge, and “social development”
 - Previously only with regard to draft Articles 2, 13 and 14
 - Now also with regard to draft Article 5 and draft rules 4-5
 - Questions raised on appropriateness of “harmonization”
 - Contrary to goal of “Deep Harmonization”
 - Calls into question the purpose of the discussions

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SCP- Major Issues

- Developing country issues
 - Genetic resources, traditional knowledge
 - Disclosure requirement
 - Open ended ground of rejection, invalidity, etc.
 - Appropriateness of harmonization questioned, but, note Art. 4(i) of Convention Establishing WIPO:
 - “... the Organization ... shall promote the development of measures designed to facilitate the efficient protection of intellectual property throughout the world and to harmonize national legislation in this field;”

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SCP- Major Issues

- Developed country issues – Europe vs. United States, etc.:
 - First-to-invent vs. first-to-file
 - In re Hilmer
 - Best mode
 - International grace period
 - “technical” and “industry” requirements
 - Eligible subject matter – “pure” business methods
 - Prior art effect of prior filed, later published applications and patents – novelty only or novelty and unobviousness

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SCP- Major Issues

- Developed country issues (cont'd)
 - Double patenting
 - In re Lundak (deposit requirements)
 - Loss of right provisions
 - Problem-solution approach
 - Uniform treatment of all claims
 - Unity of invention

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SCP – Next Steps

- Taking stock – November 2003 SCP meeting cancelled
- International Bureau is revising draft treaty/rules
- Some industry groups meeting to discuss issues
- Limit the number of issues to only those essential to achieve initially articulated goals
- Resolve developing country issues
- Resolve/accommodate developed country issues

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Efforts Beyond WIPO

- “Work-sharing” Efforts
 - Driven by (1) goal of mutual recognition/exploitation and (2) slow pace of international harmonization
 - More practical than a treaty, immediate gains
 - Establish trust in work of other offices – search results
 - Consistent with objectives of 21st Century Strategic Plan to reduce duplication of effort among offices
- 30-month priority period
 - Longer period to evaluate need for foreign filings
 - Will reduce workloads for offices
 - Will facilitate work-sharing

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Efforts Outside WIPO

- Could provide more practical context for international harmonization talks
 - Short term harmonization efforts could be beneficial to reduce excess work
 - Puts a “real world” component to otherwise philosophical or abstract “law” issues
 - Reenergize SCP directly, or by way of increased bilateral and multilateral agreements among “work-sharing” countries/offices

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Conclusions

- PLT Implementation – Provides max formal requirements for an applicant in member states
- PCT Reform – Easing patent procurement in multiple nations, many recent accomplishments, but progress may be slowing
- Substantive Harmonization – Progress slow, short-term prospects questionable
- “Work-sharing” – Short term gains for offices, provides “practical” gateway to normative harmonization for eventual mutual recognition

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Conclusions

- Protecting intellectual property rights internationally essential in the global, knowledge-based economy.
- Recent increases in filings, workload
- *Status Quo* is unacceptable –
 - Costs, redundant work processes
- Goal – work-sharing among patent offices
- Challenges – must be addressed

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