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INTRODUCTION

Good morning. Today I am pleased to present the United States' proposal to reform the Patent Cooperation Treaty (PCT). Our proposal, as I will outline shortly, contains a certain degree of specificity. However, it's primary purpose is to focus attention on a conceptual framework for reform.

Our proposal is founded in the belief that the PCT process is far too complicated and rule-bound, and that this prevents the treaty from living up to its full potential. Therefore, we want to simplify and streamline the treaty's procedures and make the PCT, if you'll pardon the phrase, more "user friendly." In order to succeed in this endeavor, we believe that the PCT's articles and rules, as well as the roles of all of the players in the PCT system -- the International Bureau of WIPO, the receiving offices, the International Searching and Examining Authorities -- must also be reevaluated.

OVERVIEW

Before I go into the details of our proposal, which I believe you all have a copy of, I'd like to highlight some of the problems that bring us to this point.

As we all know, the PCT was established to aid patent applicants in obtaining protection in a number of different worldwide markets. The PCT has been successful in meeting that objective, but it could do much more.

The reality is that many inventors and patent applicants -- in the United States and elsewhere -- refuse to use the PCT system. One of the reasons is that PCT processing at the International Bureau, and at receiving offices and International Searching and Examining Authorities, is inefficient. For receiving offices, it is often duplicative of national application processing.

PCT users must learn so-called “PCT practice,” as well as the patent practices in those countries in which patent protection is ultimately sought. This “PCT practice” is often more complex than the corresponding patent practice in a given country.

We believe it is imperative that PCT practice be simplified and that patent practices worldwide -- including PCT practice -- converge to facilitate worldwide patent protection. The successful conclusion of the Patent Law Treaty (PLT) will help in this regard. However, convergence alone is not enough. Our users deserve simplified systems, and we must seize every opportunity where the PCT and national systems are susceptible to simplification.

For some time, as we know, the International Bureau has amended the PCT system, using the Ad Hoc Advisory Group on PCT Legal Matters as the vehicle for change. The U.S. Patent and Trademark Office and the other Trilateral Offices have been active participants in these meetings. However, this group has only focused on changes to the regulations under the PCT -- not the treaty itself.

While many of these changes have been important and warranted, the end result is a set of regulations and a PCT practice that is increasingly impenetrable, if not irreconcilable. Again, this increasing complexity creates barriers to use of the treaty's system.

PROPOSAL

The provisions that follow -- which address complexity and costs issues -- are intended, as I mentioned, as a conceptual framework for reform. Our objective is to make the PCT system fully cost-competitive -- or even less costly -- compared to the costs associated with direct national filings. At the same time, we must seize every opportunity to streamline and simplify the PCT's system and processes.

In conjunction with the adoption of the PLT, the reforms we are recommending would greatly significantly aid the filing and processing of patent applications among all Contracting States. They would result in the ability to prepare a relatively simplified application in a single format -- preferably in electronic form. This would be accepted by all patent offices, throughout the world, as a national patent application 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, minimizing any distinctions between the two. In addition, the system could move away from its current, non-binding patentability opinions and adopt procedures where substantive rights may eventually be granted through the PCT channel.

First Stage of Reform

Our proposed changes to the PCT could be accomplished in two stages. In the first stage, we propose that the PCT be amended to simplify certain procedures and to conform the PCT to the draft Patent Law Treaty (PLT). These revisions could take place in the near term -- within the next three or four years. The second phase would be a more long-term undertaking.

There are ten components to this first phase:

(1) The entire concept of designations should be deleted from the treaty, so 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 also result in the elimination of designation fees. 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.

(2) All residency and nationality requirements should be eliminated, so that international applications could be filed by anyone, regardless of residence and nationality. This would permit the filing of international applications in any receiving office by any applicant. Residence and nationality requirements are not an issue in national filing systems, and they should no longer be an issue in the PCT.

(3) The filing date requirements should be conformed to those in the draft PLT. These changes would, among other things, eliminate residency and nationality requirements, ease filing date language requirements, and ease the “indication” requirement.

(4) The “missing part"-type requirements should be replaced with the improved procedures developed in the PLT discussions, found in Article 5 of the current PLT draft.

(5) The current, traditional signature requirement in Article 14 should be eliminated or simplified. As we migrate to electronic filing and processing, we need to accommodate the legal concepts of integrity, authenticity, confidentiality and non-repudiation.

(6) Current PCT applicants are interested in the availability of searches from multiple searching authorities. We should be responsive to their needs. Therefore, the availability of multiple searches should be amended to accommodate searches from multiple searching authorities upon the request of an applicant.

(7) In light of the fact that more than 80% of applications currently undergo international preliminary examination, the 20-month deadline for entry into national stage seems superfluous. Therefore, Article 22 and associated articles and procedures should be deleted.

(8) Like the designation requirement, the demand requirement in Article 31 should also be deleted. This would mean that all international applications would automatically be subject to international preliminary examination, within the treaty's current time frames.

(9) The built-in deferral of national stage entry, limited to 30 months, is often the primary objective of users of the PCT system. We should accommodate further deferral and provide for the possibility of deferrals at six-month intervals from the 30th month. Accordingly, we should also provide for the payment of a deferral fee of, for example, $500 for each six-month deferral. The ability to further defer national stage entry would

constitute substantial savings to PCT applicants, and concerns regarding "submarine" patents should be minimized by publication and access to search and examination results.

(10) With respect to fees, all PCT fees, including those payable to the International Bureau, should be reassessed so that they are commensurate with services rendered. Fees must reflect streamlined and reduced functions as a result of simplification and electronic processing.

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

- adjust the mode of transmission, preferably through the use of IPDLs, of many of the numerous communications and transmittals among offices currently provided for in the Treaty;
- simplify the processing of voluminous submissions, such as computer programs;
- simplify nucleotide and amino acid sequence application processing;
- promote an international standard application format (ISAF); and
- maximize the efficiency of the overall PCT process by more closely integrating the functions performed by the participating offices of Contracting States and the International Bureau;

Second Stage of Reform

The second stage of PCT reform should include a much more comprehensive overhaul of the entire PCT system, resulting in a system potentially bearing little resemblance to the PCT system of today. These changes include:

(1) The regionalization of current search and examination authorities. Although the PCT has experienced growth in the number of searching and examining authorities, greater efficiencies and enhanced quality could be realized by reducing the number of these authorities. These factors will be important as we migrate to a PCT system in which examination results may be binding on PCT Contracting States.

(2) The elimination of separate search and examination, which has built-in inefficiencies. Authorities should be able to structure processing to minimize the inefficiencies inherent in separate search and examination.

(3) The distinctions between national and international applications should be eliminated except, for example, with respect to the appropriate indication that a given application is also being filed as a PCT application. If a national application is filed first, as is the case with the vast majority of applications filed in the U.S., the filing of a PCT application could result merely by indicating on the national filing that the application should also 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. The successful conclusion of the PLT will be critical to this development.

(4) The successful implementation of the concepts I just mentioned, as well as electronic filing and processing, will preclude the need for many of the review and handling functions of patent offices. This will be especially true for many of the functions currently performed at the International Bureau. Therefore, we should reduce or eliminate formalities review and the handling of applications at WIPO.

(5) With respect to electronic international publication, the International Bureau should still be responsible for publication of international applications. However, publication functions should be streamlined by the availability of electronic means for publication and dissemination.

(6) The successful implementation of WIPO-net, electronic filing, and electronic processing will facilitate collaboration and sharing of search and examination results throughout the world. Developing countries will be important beneficiaries of these advances, and the availability of IPDLs will be critical.

(7) Positive examination results in originating offices or PCT authorities should bind Contracting States. This would constitute a departure from the current, non-binding patentability opinions of the PCT, and it would require the adoption of positive results in Contracting States.

(8) Because 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 envisioned in the first stage. In so doing, concerns relating to "submarine" applications and patents should be allayed by publication and access to search/examination results.

All of these second stage proposals constitute a radical departure from today's PCT system. We recognize, therefore, that they may encounter resistance from many quarters. However, if we truly want to achieve meaningful and positive change, the Trilateral Offices need to aggressively support an overhaul of the PCT system along these lines.

CONCLUSION

We recommend that the Trilateral Offices recommend the adoption and implementation of the first stage of the PLT-based changes within the next three or four years. The Trilateral Offices should then recommend a complete overhaul of the PCT system, pursuant to the second stage.

In moving forward with this timeline, many issues will come into play. They include: resistance to meaningful PCT reform, the "language problem," the availability of IPDLs, and substantive harmonization.

It is likely that the recommendations in the second phase may not be considered all that radical once the benefits of electronic filing, processing, and publishing, as well as the benefits of IPDLs, are experienced by all players. Moreover, while not critical to either stage of PCT reform, international substantive harmonization would enhance the chances of success for the adoption of those proposals.

As I stated at the outset, the purpose of this proposal is to focus attention on a conceptual framework for reform. All of these proposed changes are subject to revision, so long as the ultimate objective remains the same: to simplify and streamline the treaty's procedures and make the PCT more accessible to users worldwide.

Thank you very much.