

Proposal for Further PCT Reform — New PCT Treaty?

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Thank you, Ron. Good morning, ladies and gentlemen. I have been asked to address the question of structural change of the PCT, that is, assuming that we have renovated the house and cleaned it up as best we can, and that we now want to make some structural alterations to it, what are our options?

Well, very briefly, unfortunately, the options are rather limited. There are only two.

The first option is revision of the treaty as a whole. Revision has, however, certain difficulties, if not disadvantages. The difficulties arise from the fact that there are now 120 member States participating in a system which relies on close administrative cooperation between offices. The level of cooperation is such that one would not wish to imagine two parallel systems in operation at any given time. If the treaty is revised, however, we face the prospect of differential ratification or accession to the new system and, thus, two parallel systems.

It is possible to think of a mechanism to overcome such an unfavourable result. The member States might, for example, at a revision conference, agree upon a resolution to terminate the existing treaty, leaving only its successor in place, upon the occurrence of a certain event, such as 75 percent of the member

States joining the new treaty, or States representing 75 percent of the applications under the old system in the latest year joining the new treaty.

In contrast to the model of revision of the treaty itself, the other possibility is the addition of optional features to the existing system. This approach has the advantage of a progressive intensification of the international phases under the PCT, while maintaining the integrity of a single system under the PCT.

Which of these two options should we contemplate pursuing at the moment? Well, I think the first consideration that arises is a question of timing: "To everything there is a season and a time to every purpose under the heaven". If we look around at the moment, unfortunately, for good or bad reasons, what we find is an international environment, and national environments, that are somewhat hostile to the protection of intellectual property. In the last years, we have experienced the long process of the digestion of the TRIPs Agreement, attacks on intellectual property that have come about from the Internet, the debate on health and pharmaceutical patents and the emergence of other tensions and new interests. Those of us who are in the intellectual property profession have suffered, to a certain extent, a crisis of confidence. We have a certain hesitation and self-doubt about the benefits of intellectual property, wrongly I would hasten to add. In such an environment, full-scale revision of the PCT may not be a wise or viable option.

In addition, one needs to think of the prerequisites that would be needed to commence a major structural exercise like the revision of the treaty? Here, I would mention three that I think are particularly important.

The first is an agreed outline, at least, of what the features of the new system would be: What would be the division between national and international stages of the system? What would be the models for data flows amongst all the actors - the offices, the applicants, the interested public - in the new system? What would be the role of international authorities? What would be the legal effect of international work products? And so on.

We would also need, I think, an agreed set of ground rules or design principles to commence the exercise. What are we trying to achieve? Are we trying to achieve merely a procedural network that will link together existing national and regional systems, so that we are not, in other words, going to try to alter substantive law in the course of the exercise. Do we want an organic model which can permit the sort of revision that the existing model does not permit, and so forth.

And, lastly, we would also need to have, as the most important ingredient, particularly in the present climate, political will. If the major countries for which the patent system is important are not prepared to say, "A new and revised international patent system is a matter of fundamental importance, and we will put

our political weight behind such an objective,” then, I think we should not even contemplate embarking upon the exercise.

I do not believe that those three ingredients are present at the moment. We have not yet reached that stage, and I think the member States have more or less so indicated in the PCT Working Group. So what might be an intermediate solution for the time being, assuming that we get through the rest of our housekeeping agenda?

One model to contemplate is the addition of a further chapter to the PCT. This is not a new idea. A further, optional Chapter III might be envisaged in which some form of automatic effect would be given to an international examination report, unless a contrary action were taken by an office, which has chosen to participate voluntarily in Chapter III, within a designated time period. When this idea was last floated, it was a matter of some controversy, for reasons that are not entirely apparent. It is, after all, a *voluntary*, optional add-on that we are talking about. It would have the advantage of not jeopardizing the integrity of a single system. There would not be parallel systems. It would be very helpful to small and medium offices, particularly those small offices that are looking, at the same time, to be participants in a globalized economy and to deal with the demand that is a consequence of such participation, without having the resources to do so. Such offices would nevertheless retain ultimate authority over grants of patents.

An optional additional chapter would represent a gradual and empirical expansion of the international system. It would be consistent with many of the reforms that are under way at the moment, particularly those related to efforts to enhance the reliability and quality of international work products under the PCT. It is an avenue that we believe is well worth further exploration.

Thank you, ladies and gentlemen. (Applause)