

FORMAL INTEGRATION OF THE PPH INTO THE PCT

PAPER SUBMITTED BY BRAZIL

BACKGROUND

1. At the Sixth Session of the PCT Working-Group, held from May 21 to May 24, 2013, the Delegations of the United States and the United Kingdom circulated a document¹ containing a proposal to amend the PCT Regulations and Administrative Instructions to formally integrate the "Patent Prosecution Highway" (PPH) into the PCT System. Besides presenting an overview of the PPH arrangements and the alleged benefits for the participating Offices, the document includes the amendment it deems necessary in order to operationalize the PPH under PCT rules.
2. On that occasion, the Brazilian Delegation commented on the matter², stating that the costs and benefits of such norm-setting activity needed to be fully fleshed out in order to properly consider the integration of the PPH into the PCT. Additionally, the Brazilian Delegation noted that the work done by International Authorities under the PCT had to be examined beforehand, in view of the fact that the quality of their work is an issue of discussion at the PCT Working-Group and that the Reports produced by the Authorities would form the basis of the PPH program under the PCT. Furthermore, this Delegation indicated that the integration of the PPH into the PCT could not be the result of a mere administrative amendment, since it amounts to a rather major change in the Treaty and in the procedures of the Offices under the national phase of a PCT application. Indeed, a mere amendment to the Regulations would neither suffice nor be legally adequate for the proposed integration. As a consequence, Brazil did not support the document tabled on that occasion.
3. During that Session some Delegations expressed support for the proposal. Several others, however, voiced their concern regarding possible negative effects on the quality of national processing of PCT applications due to accelerated search and examination³. Questions were also raised on whether it would be advisable to introduce the procedure into a system which affects more than 140 Member States based on arrangements negotiated outside the PCT and which are currently in force on a limited basis and membership⁴.
4. At the 21st Session of the Meeting of International Authorities (MIA) under the PCT, held on Tel Aviv from February 11 to February 13, 2014, the United States Patent Office (USPTO) presented a revised proposal⁵. The revised proposal maintained that a mere amendment to the Regulations would suffice and be legally adequate for incorporating the PPH into the PCT. However, the revised proposal failed to indicate the legal basis for such an amendment under the relevant provisions of the PCT.

¹ Document PCT/WG/6/17.

² Document PCT/WG/6/24, paragraph 104.

³ Document PCT/WG/6/23, paragraph 26.

⁴ Document PCT/WG/6/23, paragraph 27.

⁵ PCT/MIA/21/9.

DISCUSSION

5. The current proposal⁶ by the United Kingdom and the United States of America circulated for this Session of the Working-Group intends to incorporate the PPH into the most relevant WIPO agreement regarding the processing of applications for acquiring industrial property rights. Therefore, it requires to be carefully considered by the Member States, especially in view of the scale of the modifications that Offices from all countries would have to undertake if the proposal were to be adopted.

6. The proponents state that the PPH's goal is to speed up the examination process by allowing patent examiners to reuse search and examination results done by other Offices. In their assessment of the PPH, however, Members should also take into account the costs and benefits of the mechanism. In lack of the additional information requested by the Chair of the Sixth Meeting of the Working-Group concerning "how the PPH worked for [the Parties], its real effects in terms of expediting applications and the quality of granting of rights"⁷, an overview of the statistics available at Japan Patent Office's dedicated PPH web-page – referred to by the proponents in their document – provides some initial insight, albeit limited, on the implementation of the mechanism.

7. The JPO data shows that participation by Members in the PPH is actually very restricted, with only two Offices accounting for 85% of the requests as Offices of First Filing (using national products). These two Offices also amount to 45% of the requests as Offices of Second Filing (using national products). Considering that the majority of resident applicants file first at the Office of their countries it is clear that applicants from these two countries are set to be the main beneficiaries of the fast-tracking granted by the Program. It would thus be important to take this fact into account as one considers what the advantages of the PPH might be also from the perspective of other participating countries.

8. Another relevant issue for Members to consider is the quality of the work undertaken by the International Authorities under the PCT. The fast-track process provided by PPH programs relies upon the work done by the Authorities. The PCT has a Quality Subgroup that has continuously met and reported to the MIA⁸ in order to improve the quality of the work by ISA/IPEA authorities. Indeed, the reports and suggestions of the Quality Subgroup provide an important background of information for Members to properly evaluate the possible merits and downsides of incorporating the PPH into the PCT.

9. The document to be discussed at the Seventh Session of the Working Group also mentions the fact that an "opt out" provision is included in the proposal⁹. In this regard, several International Authorities have expressed support for a degree of flexibility for the mechanism during the last MIA¹⁰, either as an "opt out" or as an "opt in" provision. For Brazil, the "opt out" provision is not fully satisfactory in order to adequately address the issue. The difficulty with the "opt out" provision as suggested by the USA and the UK is that the notice of incompatibility that countries would have to issue would imply a "sense of obligation". Indeed, according to the proposal an Office that submits a notice of incompatibility "understands this obligation and is working to amend their national laws to allow them to carry out the said obligation"¹¹.

⁶ Document PCT/WG/7/21.

⁷ Document PCT/WG/6/24, paragraph 125.

⁸ Document PCT/MIA/21/22, Annex II.

⁹ Document PCT/WG/7/21, paragraph 17.

¹⁰ Document PCT/WG/7/3, paragraph 30.

¹¹ Document PCT/WG/7/21, paragraph 20.

10. In a document circulated at the MIA the European Patent Office (EPO) addressed the matter and suggested that a degree of flexibility would be needed for the incorporation of the PPH¹². According to the EPO's document "certain policy considerations as well as workload concerns related to the number of files that can efficiently be processed in an expedited manner should enable offices to limit the application of the proposed Rules"¹³. Thus, the EPO proposed that Members be allowed to decide whether or not to participate in a PPH mechanism and to define the specific Authorities whose work products would be eligible to trigger expedited processing of PCT applications. The EPO also raised the issue of the impacts on the workload of Offices that the incorporation of the PPH would implicate. This would be another argument in favor of including provisions that ensure the necessary flexibility for countries to determine if and with whom they would engage in a PPH program.

11. Brazil would tend to concur with such views, especially if one takes into account the fact that the majority of PCT Members are currently not part of PPH programs. Additionally, it would be essential to preserve Member States' freedom in terms of deciding if and when – without pre-established commitments – the PPH would enter into force for them.

12. In more general terms, the Brazilian Government is concerned with the fact that the proposal put forth by the US and the UK and the discussion it has unleashed do not seem to take into due consideration a number of relevant Recommendations of the Development Agenda. For instance, Recommendation 15 clearly applies to this discussion as it states that "norm-setting activities shall: be inclusive and member-driven; take into account different levels of development; take into consideration a balance between costs and benefits; be a participatory process, which takes into consideration the interests and priorities of all WIPO Member States and the viewpoints of other stakeholders, including accredited inter-governmental organizations (IGOs) and NGOs; and be in line with the principle of neutrality of the WIPO Secretariat". Likewise, Recommendation 17 states that "in its activities, including norm-setting, WIPO should take into account the flexibilities in international intellectual property agreements, especially those which are of interest to developing countries and LDCs". A deeper understanding of the relevant Development Agenda Recommendations would contribute to an approach more conducive to accommodate the sensitivity of all PCT Members, taking into account their different backgrounds, level of development and legal practices.

LEGAL ISSUES

13. Now we would like to turn to the question of the legality of the proposal. The discussion regarding the legal necessity of convening a Diplomatic Conference must take into account both the relevant provisions of the PCT and their understanding from a legal perspective.

14. First of all and as stipulated by International Law, let us not forget that States have the ability to enter into agreements on matters of their choosing, irrespective of the subject, provided certain rules are respected¹⁴. If they choose to do so, they become bound by the terms of the treaty and must perform it in good faith¹⁵. Therefore, parties to an agreement are bound only by the subject-matter covered by it. Furthermore, a general rule of interpretation of treaties prescribes that they "shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose"¹⁶.

¹² Document PCT/MIA/21/18/REV.

¹³ Document PCT/MIA/21/18/REV., paragraph 9.

¹⁴ E.g., Article 103 of the Charter of the United Nations, or *jus cogens* provisions under Article 53 of the Vienna Convention on the Law of Treaties ("Vienna Convention 1969").

¹⁵ The principle of the *pacta sunt servanda*, Article 26 of the Vienna Convention 1969.

¹⁶ Article 31 of the Vienna Convention 1969.

Lastly, the modification of a treaty shall follow either the procedures established by it or a general rule of amendment of multilateral agreements¹⁷.

15. Turning back to the proposal under discussion, it is of notice that the Delegations of the United States and the United Kingdom have failed to indicate the Articles that could provide the legal basis for the incorporation of the PPH into the PCT by the means of amendments to the Regulations. Specifically, the UK and the USA do not describe the rationale supporting that a mere addition of these two Rules to the PCT Regulations might be the legally adequate procedure for incorporating the PPH into the PCT.

16. Actually, from a legal viewpoint, it would seem that such amendments are not sufficient to provide the adequate legal basis for implementing the proposal. The PCT is structured in such a way that the substantive provisions are placed in the body of the treaty while the Regulations encompass the rules regarding the administrative aspects relating to the activities of the International Bureau, ISA/IPEA authorities, national/regional patent offices and PCT applicants. In this regard, the Regulations consist of a set of rules that may under certain conditions be adapted in order to address the needs of the Offices and the users.

17. However, the Regulations are not supposed to replace or otherwise impose itself on the provisions of the Treaty. Thus, it is essential to observe the limits to what can be covered by the Regulations and ensure that the main provisions of the PCT remain in the form of Articles. The incorporation of the PPH into the PCT cannot be undertaken simply as a minor matter that could be resolved by means of a modification to the Regulations. This is clearly an issue that would have to be properly based on a provision in the body of the Treaty. Consequently, it is a decision that would require amending the body of the PCT and, therefore, can only be decided in a Diplomatic Conference.

18. Indeed, Article 58 provides the legal basis for the consideration of what can or cannot be addressed through the means of mere modifications to the Regulations. According to Article 58, the Regulations annexed to the PCT "provide Rules: (i) concerning matters in respect of which this Treaty expressly refers to the Regulations or expressly provides that they are or shall be prescribed, (ii) concerning any administrative requirements, matters, or procedures, (iii) concerning any details useful in the implementation of the provisions of this Treaty."

19. No Article of the PCT makes reference to the PPH or provides that it is or shall be prescribed by the Regulations. Therefore, the amendments of the Regulations proposed by the United States and the United Kingdom are not allowed under subparagraph (1)(i). With regard to the second and third subparagraphs of Article 58(1), their scope is restricted by their own nature and they actually address minor issues necessary for the implementation of the PCT, such as units of weight and measures or the currency in which the schedule of fees is expressed. The language in subparagraph (1)(ii) clearly is not intended to encroach upon the national Offices' autonomy to determine the order of examination of patent applications during the national phase. With regard to subparagraph (1)(iii), it uses the wording "details useful in the implementation of the provisions of this Treaty". The incorporation of the PPH into the PCT clearly cannot be put on the same level of administrative matters or useful details, as it would actually amount to a major modification in the way the Treaty operates, affecting the activities of every patent office.

20. In light of the above, it is Brazil's firm view that the amendments proposed in document PCT/WG/7/21 are *ultra vires* provisions not allowed under the PCT framework.

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¹⁷ Articles 39 and 40, Vienna Convention 1969.