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PATENT LAW TREATY AND REGULATIONS UNDER PATENT LAW TREATY

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Mr. BIDEN, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany Treaty Doc. 109–12]

The Committee on Foreign Relations, to which was referred the Patent Law Treaty and Regulations under the Patent Law Treaty, done at Geneva on June 1, 2000 (the "Patent Law Treaty" or "Treaty") (Treaty Doc. 109–12), having considered the same, reports favorably thereon with a reservation as indicated in the resolution of advice and consent, and recommends that the Senate give its advice and consent to ratification thereof, as set forth in this report and the accompanying resolution of advice and consent.

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I. PURPOSE

The Patent Law Treaty promotes the harmonization and simplification of formal procedures for national and regional patent applications and thereby works to reduce associated costs for patent applicants and owners of patents seeking to obtain and preserve their rights in inventions on a worldwide basis.

II. BACKGROUND

The Patent Law Treaty was negotiated under the auspices of the World Intellectual Property Organization (WIPO), which was established by the WIPO Convention in 1967 and is composed of 184 Member States, including the United States. Negotiations were concluded and the text of the Patent Law Treaty was adopted by a diplomatic conference on June 2, 2000.

The Patent Law Treaty builds on and complements the 1970 Patent Cooperation Treaty (the "PCT"), which makes it possible to seek patent protection for an invention simultaneously in each of the countries that are a party to the PCT by filing an "international" patent application (the United States has been a party to the PCT since 1975). The filing of an "international" patent application under the PCT is followed by a national or regional phase during which the relevant national or regional patent offices conduct substantive patent examinations in order to decide if a patent should be granted within their jurisdiction. The PCT does not establish standards for national and regional applications and procedures, which continue to vary while existing in parallel to the PCT international application process. The Patent Law Treaty helps to address this gap by focusing on the harmonization of national and regional procedures, consequently allowing patent applicants to pursue patent protection globally at a reduced cost and with greater confidence. Where possible and appropriate, the Patent Law Treaty has drawn from the procedural requirements for international applications under the PCT in order to streamline the overall application process.

III. MAJOR PROVISIONS

A detailed analysis of the Treaty may be found in the Letter of Submittal from the Secretary of State to the President, which is reprinted in full in Treaty Document 109–12. A summary of the key provisions of the Treaty is set forth below.

1. Standardized Filing Date

The PLT standardizes what patent applicants need to submit to national or regional patent offices in order to obtain a filing date, which is crucial for establishing priority in obtaining a patent for an invention. Specifically, Article 5 requires that the Office of any Contracting Party must accord a filing date to an application in compliance with three simple formal requirements: (1) an express or implicit indication that the information submitted is intended to be an application; (2) information allowing the identity of the applicant to be established or allowing the applicant to be contacted; and (3) a description of the invention to be patented.

2. Maximum Procedural Requirements

The PLT harmonizes and simplifies the filing of patent applications by establishing a maximum list of formal requirements that any Contracting Party can require of a patent applicant. Specifically, Article 6 establishes maximum requirements for the form of an application, providing in general that a Contracting Party cannot impose requirements that are different from, or additional to,

any requirement applicable to international applications under the PCT, unless those requirements are more favorable to the applicant.

3. Reduced Representational Requirements

Certain countries require that patent owners and applicants appoint a representative when dealing with their Patent Office. Article 7(2) provides that a Contracting Party may not mandate representation for the filing of an application for filing date purposes, for the payment of a fee, or for procedures specified in the related Rules. This should reduce the cost of the process for an applicant.

4. Electronic Processing

The PLT permits patent offices to rely more heavily on electronic processing, rather than paper processing, but mandates that offices accept paper communications from applicants for the purpose of obtaining a filing date and for meeting a time limit. Specifically, Article 8 and Rule 8 provide the basis upon which a Contracting Party may impose requirements relating to the form and means of transmittal of communications filed with its Patent Office relating to an application or an issued patent. These provisions specify that while generally a Contracting Party may exclude the filing of communications on paper, it must, if it adopts an electronic filing system, continue to accept the filing of communications on paper for the purpose of obtaining a filing date or complying with a time limit.

5. Restoration of Priority Rights

The PLT provides procedures for the restoration of priority rights for inadvertently late filings. Specifically, Article 12 and related Rules provide that when a failure to comply with a time limit directly results in a loss of rights with respect to an application or patent, a Contracting Party must, upon request by the applicant or owner, provide for the reinstatement of rights if the patent office finds that the failure occurred despite due care to comply, or, at the option of the Contracting Party, if the failure to comply was unintentional. A request for reinstatement may not be refused without the opportunity for the requesting party to provide observations. A fee and evidence may be required for a reinstatement request.

IV. Entry Into Force

In accordance with Article 21, the Treaty will enter into force for the United States three months after the date on which the United States deposits its instrument of ratification with the Director General of WIPO or on a later date indicated in the U.S. instrument, but no later than six months after the date the instrument is deposited.

V. Implementing Legislation

Implementing legislation is required for this Treaty. It is expected, therefore, that the United States will not deposit its instrument of ratification until this legislative process is complete, so as to ensure that the United States is capable of complying with its obligations under the Treaty. Specifically, Title 35 of the United

States Code must be amended in order to comply with the Patent Law Treaty. Implementing legislation will focus mainly on amendments relating to the patent application filing date; relief in respect of time limits and reinstatement of rights due to an unintentional abandonment or delay; and restoration of priority rights due to an unintentionally delayed filing of a subsequent application. The Department of Commerce has submitted a draft bill to Congress entitled the "Patent Law Treaty Implementation Act" and it is currently under consideration by the Committees on the Judiciary of the House and Senate.

VI. COMMITTEE ACTION

The committee held a public hearing on the Treaty on July 17, 2007 (a hearing print of this session will be forthcoming). Testimony was received by Ms. Lois E. Boland, Director of the Office of International Relations, U.S. Patent and Trademark Office. On September 11, 2007, the committee considered the Treaty, and ordered it favorably reported by voice vote, with a quorum present and without objection.

VII. COMMITTEE RECOMMENDATION AND COMMENTS

The Committee on Foreign Relations believes that the Treaty is an important tool to further promote and protect the contributions of U.S. intellectual property owners on a worldwide basis. The committee therefore urges the Senate to act promptly to give advice and consent to ratification of the Patent Law Treaty, as set forth in this report and the accompanying resolution of advice and consent.

A. RESERVATION REGARDING THE UNITY OF INVENTION STANDARD

The executive branch has recommended, and the committee has included in the resolution of advice and consent, a reservation to ratification that would preserve the discretion currently held by the U.S. Patent and Trademark Office (USPTO) to require the division of national patent applications that cover two or more distinct and independent inventions, which would otherwise be indivisible under the Unity of Invention standard. The reservation is permitted by Article 23(1) of the Patent Law Treaty. Without the reservation, the Treaty would require the USPTO to implement the Unity of Invention standard for all national applications.

The need for a reservation on this matter was carefully considered during the course of the committee's review of the Treaty. Given that the Unity of Invention standard is accepted in many foreign countries' patent laws and the USPTO currently examines international patent applications and PCT national stage applications using this standard, the question was raised as to whether the United States should be moving to accept a Unity of Invention standard with respect to all national applications. Some interested groups representing patent owners argue that full acceptance of the Unity of Invention standard would be an improvement, as it would lead to reduced costs on patent applicants and greater harmonization of national patent application standards.

The USPTO has explained, however, that if the United States were to adopt a Unity of Invention standard with respect to all national patent applications, the rule change would necessitate an increase in patent application fees in order to cover the heightened workload and would lead to a higher number of pending patent applications. Moreover, the USPTO is currently examining the question of whether it would ultimately be desirable to adopt the Unity of Invention standard for all national applications. By including the reservation, the United States is able to maintain needed flexibility while the USPTO completes its review of this question.

B. TACIT AMENDMENTS

As in the case of other multilateral intellectual property treaties, such as the Protocol to the Madrid Agreement Concerning the International Registration of Marks, amendments to certain provisions of the Patent Law Treaty may be adopted by a super-majority vote of the Assembly and such amendments will take effect for all once accepted by three-fourths of the Contracting Parties, even absent the explicit consent of all the Parties.

This tacit amendment procedure applies only with respect to amendments to Articles 17(2) and 17(6), which are largely procedural in nature. Article 17(2) sets forth the responsibilities of the Assembly and Article 17(6) provides that the Assembly shall meet in ordinary session once every two years upon convocation by the Director General. In accordance with Article 19(3), any proposals to amend these two provisions shall be communicated by the Director General to the Parties at least six months in advance of their consideration by the Assembly. The committee expects the executive branch to inform it of any proposed amendments subject to this tacit-amendment procedure upon receipt of a proposed amendment from the Director General and to consult with the committee in a timely manner in order to determine whether Senate advice and consent is necessary.

In addition to the tacit amendment process described above, the Assembly established in the Patent Law Treaty may, under Article 17(2), amend the Regulations under the Patent Law Treaty to which the Senate has also been asked to give its advice and consent. In accordance with Article 17(4), the Assembly endeavors to take decisions by consensus; however, if a decision cannot be arrived at by consensus, the matter may be decided by a vote and consequently, unless the Regulations specifically require unanimity for the amendment at issue, the Regulations can be amended by a three-fourths vote of the Assembly pursuant to Article 14(2).

The committee recognizes that a tacit amendment procedure for amending regulations annexed to a treaty is fairly common in multilateral intellectual property treaties negotiated under the auspices of WIPO, many of which have been ratified by the United States. Allowing the Assembly to amend the Regulations in this manner makes it possible for the technical implementation of the treaty to evolve without going through the more formalized and standard amendment process, which involves a revision conference and frequently takes years to effect. Amendments effected through this mechanism may not, as a matter of law, rise to the level of those that require the advice and consent of the Senate. The execu-

tive branch has assured the committee that there is an inherent limitation on any implementing regulations the Assembly can consider, because the Regulations cannot exceed and can only implement the Patent Law Treaty's provisions. An amendment to the Regulations so limited should not, in the normal course, require advice and consent. If there is any question, however, as to whether an amendment to the Regulations goes beyond the implementation of specific provisions in the Patent Law Treaty, the committee expects the executive branch to consult with the committee in a timely manner in order to determine whether Senate advice and consent is necessary.

VIII. Resolution of Advice and Consent to Ratification

Resolved (two-thirds of the Senators present concurring therein),

SECTION 1. SENATE ADVICE AND CONSENT SUBJECT TO RESERVATION

The Senate advises and consents to the ratification of the Patent Law Treaty and Regulations under the Patent Law Treaty, done at Geneva on June 1, 2000 (Treaty Doc. 109–12), subject to the reservation of section 2.

SECTION 2. RESERVATION

The advice and consent of the Senate under section 1 is subject to the following reservation, which shall be included in the United States instrument of ratification:

Pursuant to Article 23, the United States of America declares that Article 6(1) shall not apply to any requirement relating to unity of invention applicable under the Patent Cooperation Treaty to an international application.

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