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Contents

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Notifications

Madrid Agreement (Marks)

Accession

BULGARIA

The Government of Bulgaria deposited, on April 25, 1985, its instrument of accession to the Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, revised at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Nice on June 15, 1957, and at Stockholm on July 14, 1967.

The said instrument of accession contains the following declarations:

"1. Pursuant to Article 3*bis*(1) of the said Agreement (Stockholm Act), the People's Republic of Bulgaria declares that the protection resulting from the international registration shall extend to the People's Republic of Bulgaria only at the express request of the proprietor of the mark.

"2. Protection will be accorded in the People's Republic of Bulgaria after a compulsory examination of marks by the industrial property institution responsible for patents for invention.

"3. The People's Republic of Bulgaria considers that the provisions of Article 14(1) of the Madrid Agreement are incompatible with the Declaration of the General Assembly of the United Nations on the granting of independence to colonial countries and peoples, adopted by resolution 1514(XV) of December 14, 1960, which proclaims the necessity of bringing to a speedy and unconditional end colonialism in all its forms and manifestations." (Translation)

Bulgaria has not heretofore been a member of the Union for the International Registration of Marks ("Madrid Union"), founded by the Madrid Agreement.

The Madrid Agreement, as revised, will enter into force, with respect to Bulgaria, on August 1, 1985. On that date, Bulgaria will become a member of the Madrid Union.

Madrid (Marks) Notification No. 36, of May 1, 1985.

Vienna Agreement (Classification of Figurative Elements of Marks)

I. Accession

TUNISIA

The Government of Tunisia deposited, on May 9, 1985, its instrument of accession to the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks, done at Vienna on June 12, 1973.

The date of entry into force of the said Vienna Agreement is the subject of a separate notification (Vienna (Classification) Notification No. 7, below).

Vienna (Classification) Notification No. 6, of May 21, 1985.

II. Entry into Force

The Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks, done at Vienna on June 12, 1973, will enter into force on

August 9, 1985,

that is, three months after the deposit by five States of their instruments of ratification or accession.

In this connection, it is recalled that instruments of ratification of the Vienna Agreement were deposited:

— on June 11, 1975, by France;
— on December 23, 1976, by the Netherlands;
— on June 5, 1980, by Sweden;
— on September 16, 1983, by Luxembourg;

and that an instrument of accession to the said Agreement was deposited, on May 9, 1985, by Tunisia.

Consequently, in accordance with the provisions of Article 13(1) of the Vienna Agreement, the said Agreement will enter into force on August 9, 1985, with respect to the five States referred to above.

Vienna (Classification) Notification No. 7, of May 21, 1985.

WIPO Meetings

Madrid Union (Marks)

Assembly and Committee of Directors

Fourteenth Session (9th Extraordinary)
(Geneva, March 25, 1985)

NOTE*

The Assembly and the Committee of Directors of the Madrid Union for the International Registration of Marks (hereinafter referred to as "the Assembly and the Committee of Directors") met in extraordinary session in Geneva on March 25, 1985.[1] The list of participants follows this Note.

Two items were on the agenda: the computerization of data concerning marks registered in the past in the International Register; and the provision of the data published in the review *Les Marques internationales* on a machine-readable medium.

In respect of the first item, the Assembly and the Committee of Directors decided that:

(a) the International Bureau would, by its own means, progressively enter into computer memory all published and unpublished data relating to international registrations that were the subject of a renewal or a change as each applicant requested the renewal or the recording of the change;

(b) the International Bureau would report on the implementation of the operation described under (a), above, at the ordinary session of the Assembly and the Committee of Directors in 1987 or, if the experience gained by that time seemed insufficient, not later than at an extraordinary session of the Assembly and Committee of Directors in 1988;

(c) at the session to which the International Bureau would submit its report, the Assembly and the Committee of Directors would decide whether the operation described under (a) should continue, or whether, within a period of about 12 months, data concerning all marks in force and not yet entered on that date should be entered at once; if the latter solution were to be adopted, the International Bureau would propose that the carrying out of the data entry operation be put to tender in the member States of the Madrid Union.

With regard to the second item—the provision, for national offices, of the data published in the review *Les Marques internationales* on a machine-readable medium—the Assembly and the Committee of Directors decided that the matter would be included in the agenda of their ordinary session from September 23 to October 1, 1985, and invited the Director General to draw up a detailed report on all the technical, financial and legal aspects of the question, which would serve as a basis for discussion.

LIST OF PARTICIPANTS*

I. Member States

Algeria: D. Hadj-Sadok. **Austria:** O. Leberl. **Belgium:** L. Wuyts. **Czechoslovakia:** J. Prošek. **Democratic People's Republic of Korea:** Chang Si Zik; Kwon Ho Jun. **France:** I. Savignon. **German Democratic Republic:** K.-D. Peters. **Germany (Federal Republic of):** E. Merz; E. Schneider. **Hungary:** G. Pusztai. **Italy:** S. Paparo. **Morocco:** H. Abbar. **Netherlands:** H.R. Furstner. **Romania:** I. Marinescu. **Soviet Union:** L.E. Komarov; A. Grigoryev; I. Vedernikova. **Spain:** J.M. Angulo Rivas. **Switzerland:** R. Kämpf; J. Weber. **Viet Nam:** Nguyen Duc Than; Vu Huy Tan. **Yugoslavia:** M. Jovanovic.

Madrid Union Committee of Directors

Portugal: R.A. Costa de Morais Serrão. **Tunisia:** A. Ben Gaïd; A. Koubaa.

II. Observers

Benelux Trademarks Office (BBM): P. Rome; J. Prohn.

III. Officers

Chairman: O. Leberl (Austria). *Secretary:* P. Maugué (WIPO).

IV. International Bureau of WIPO

A. Bogsch *(Director General)*; L.E. Kostikov *(Deputy Director General)*; P. Maugué *(Head, Trademark and Industrial Designs Registration Division)*; D. Bouchez *(Head, Computerization Section)*; E. Rezounenko *(Head, Trademark and Appellations of Origin Registration Section, Trademark and Industrial Designs Registration Division)*.

* Prepared by the International Bureau.

[1] For a Note on the preceding session, see *Industrial Property*, 1984, p. 115.

* A list containing the titles and functions of the participants may be obtained from the International Bureau.

Plant Varieties

The International Union for the Protection of New Varieties of Plants (UPOV) in 1984

State of the Union

In 1984, Israel and the Netherlands became bound by the Revised Act of October 23, 1978, of the International Convention for the Protection of New Varieties of Plants. There are now 13 States bound by the said 1978 Act.

The Union currently comprises the following 17 member States: Belgium, Denmark, France, Germany (Federal Republic of), Hungary, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, South Africa, Spain, Sweden, Switzerland, United Kingdom, United States of America.

The four member States which are not yet bound by the 1978 Act are Belgium, Germany (Federal Republic of), Italy and Spain.

Sessions

During 1984, the various bodies of UPOV met as described below. Unless otherwise specified, the sessions took place in Geneva.

The *Council* held its eighteenth ordinary session from October 17 to 19, 1984. The session was attended by the representatives of the member States and by observers from four non-member States, namely, Austria, Norway, Peru and Poland. The Food and Agriculture Organization of the United Nations (FAO) and the Commission of the European Communities (CEC) were also represented by observers.

One day of the session was devoted, for the fifth year running, to a symposium. It was attended by some 130 participants, representing governments, intergovernmental organizations and international non-governmental organizations. Its subject was "Industrial Patents and Plant Breeders' Rights—Their Proper Fields and Possibilities for Their Demarcation." The titles of the lectures given were "The Nature of Patents of Invention and Their Application in the Case of Living Matter," "The Nature of Plant Breeders' Rights (Plant Variety Protection Law) and Their Demarcation from Patentable Inventions," "Developments in Biotechnology—Dream or Reality" and "The Legal Protection of Achievements of Biotechnology as Seen by a Japanese Lawyer." Records of the proceedings of the Symposium are reproduced in a special UPOV publication (No. 342), in English, French, German and Spanish.

The *Council*, at its eighteenth ordinary session, (i) approved the report of the Secretary-General on the activities of the Union in 1983 and the first nine months of 1984, the report on his management and the financial situation of the Union in 1983, and the accounts of the Union for 1983, (ii) decided that, from 1986, the Union would have biennial (instead of annual) budgets and would have medium-term plans covering four years, (iii) established the program and budget of the Union for 1985, (iv) approved the reports on the progress made by the various committees and technical working parties of the Council, including their plans for future work, (v) approved the establishment of a Biotechnology Subgroup under the Administrative and Legal Committee to examine the implications of developments in biotechnology for the production and legal protection of new varieties of plants, (vi) adopted three UPOV models and the recommendations on variety denominations.

The *Consultative Committee* held its twenty-ninth session on April 6, 1984, and its thirtieth session on October 16 and 19, 1984. The first was devoted mainly to an exchange of views on the "International Undertaking on Plant Genetic Resources" adopted by FAO in November 1983, and on the arrangements made for the celebration in Paris, in 1986, of the twenty-fifth anniversary of the signing of the UPOV Convention. The second was devoted mainly to the preparation of the eighteenth ordinary session of the Council.

The *Administrative and Legal Committee*, the body in which questions of the practical application of the UPOV Convention and future developments of an administrative or legal nature are discussed, held its thirteenth session on April 4 and 5, 1984, and its fourteenth session on November 8 and 9, 1984.

In both sessions, the Committee noted the latest developments regarding amendments to national plant variety protection legislation either introduced or planned by member States, particularly in relation to ratification of or accession to the 1978Act of the UPOV Convention.

Furthermore, the Committee examined the results of the first Meeting with International Organizations, held in November 1983, at which a number of intergovernmental and international non-governmental organiza-

tions gave their views on (i) minimum distances between varieties, (ii) international cooperation and (iii) UPOV recommendations on variety denominations.

As far as the question of *minimum distances between varieties* is concerned, the Committee, on the basis of discussions in the Technical Committee, concluded that decisions regarding the extent of the difference that had to exist between a new variety and any other variety if the new variety was to qualify for a grant of plant variety protection could only be taken on a species-by-species basis.

As far as *international cooperation* between the plant variety protection offices in the examination of varieties is concerned, the Committee was of the opinion that the current practice of concluding bilateral agreements for such cooperation on the basis of a UPOV model agreement was the only realistic solution. It noted that the replacement of the network of bilateral agreements by a multilateral agreement would be difficult under the present circumstances. It felt, however, that the introduction of a system for the centralized filing of applications should be envisaged as soon as possible. Furthermore, the Committee recommended certain amendments to the UPOV models for two application forms and to the UPOV Model Agreement (now called "Administrative" Agreement) for International Cooperation in the Testing of Varieties. (The new versions of these models were subsequently adopted by the Council at its eighteenth ordinary session.) The main innovation included in the new Model Administrative Agreement is that the authority of a Contracting State will in general now take over the results of an examination performed by the authority of another Contracting State even if both authorities have suitable testing facilities of their own for the species in question.

As far as the question of *variety denominations* is concerned, the Committee examined the request made by certain international organizations that the application of the 1973 Guidelines for Variety Denominations, which were in some respects outdated, should be discontinued, without their being replaced by an updated legal instrument of a similar character. The Committee could not share the view of those organizations and underlined once more the need for appropriate guidance for the uniform interpretation and application of the provisions of Article 13 of the UPOV Convention, which would be of assistance not only to the authorities of member States in their task of deciding on the suitability of variety denominations but also to breeders having to select and propose denominations for their varieties. It therefore suggested that the 1973 Guidelines for Variety Denominations should be replaced by recommendations (rather than guidelines) which should, however, take into account as far as possible the suggestions made by the international organizations. (Subsequently, the Council, at its eighteenth ordinary session, adopted the UPOV Recommendations on Variety Denominations.)

The Committee noted that pilot projects for the centralized examination of proposed variety denominations have been started. The projects are being carried out by the Plant Varieties Office of the Federal Republic of Germany, in Hanover, for Elatior Begonia and by the Plant Variety Rights Office of the United Kingdom, in Cambridge, for Chrysanthemum. Once the projects are operational, each of those Offices will make a complete examination for the other participating offices of the acceptability of variety denominations filed with those offices.

The Committee gave detailed consideration to the possibilities for harmonizing the lists of species of which varieties are eligible for protection in the various member States of the Union. It eventually decided to continue studying that question in 1985, with a view to developing a suitable recommendation for adoption by the Council.

Finally, the Committee decided on the composition of the Biotechnology Subgroup set up by the Council. The task of the Subgroup will be to make a comparative study of plant variety protection and patent systems in Europe, Japan and the United States of America. Once that study is completed, the Subgroup will consider the possibility of developing suitable recommendations regarding the most appropriate form of protection for the results of biotechnological developments relating to plant varieties. The Subgroup held its first session on November 9, 1984, and decided on the organization of its rather complex work.

The *Technical Committee*, the body in which questions of the practical application of the UPOV Convention and future developments of a technical nature are discussed, held its twentieth session on November 6 and 7, 1984, in which it adopted, on the basis of preparatory work carried out by the Technical Working Parties, 10 new or revised Test Guidelines, namely, for Broad Bean and Field Bean, for Cocksfoot, for Crown of Thorns, for Curly Kale, for Freesia, for Meadow Fescue and Tall Fescue, for Persimmon, for Strawberry, for Swede, for Timothy.

The Committee received reports on the progress of the work of the five Technical Working Parties, gave guidance on a number of questions raised by them and instructed them on the major aspects of their future work.

The five Technical Working Parties all met once: the *Technical Working Party on Automation and Computer Programs* in La Minière (France) from May 15 to 17, 1984; the *Technical Working Party for Vegetables* in Bet Dagan (Israel) from June 11 to 15, 1984; the *Technical Working Party for Agricultural Crops* in Lund (Sweden) from June 27 to 29, 1984; the *Technical Working Party for Ornamental Plants and Forest Trees* in Hanover (Federal Republic of Germany) from August 7 to 9, 1984; and the *Technical Working Party for Fruit Crops* in Valencia (Spain) from October 9 to 11, 1984.

Contacts with States and Organizations

As in previous years, UPOV had oumerous contacts in 1984 with representatives of States—in particular of non-member States showing an ioterest in the work of the Unioo and in the possibilities of their becoming members—and with various intergovernmental and internatiooal oon-governmental organizations. Many of the cootacts were related to the importaot question of the legal protection of the results of biotechnological research. In particular, UPOV was represented at a meeting of governmental experts concerning biotechoology, convened by the Commissioo of the European Communities (Brussels, October 1984), at the first session of the WIPO Committee of Experts on Biotechnological Inventioos aod Industrial Property (Geneva, November 1984) and at a seminar on "Patent and/or Plant Variety Protectioo for Plant Varieties Developed by Geoetic Eogineering," organized by the Max Planck Institute for Foreign and Ioternational Patent, Copyright and Competitioo Law (Munich, December 1984).

Publications

In 1984, the Office of the Union published four issues of *Plant Variety Protection—Gazette and Newsletter of the International Union for the Protection of New Varieties of Plants;* the *Records of the 1983 Symposium on "Nomenclature,"* in Eoglish, Freoch, German aod Spanish (UPOV publications 341 (E), (F), (G) and (S), respectively); 10 *Guidelines for the Conduct of Tests for Distinctness, Homogeneity and Stability;* and regular supplements to the *Collection of the Texts of the UPOV Convention and Other Important Documents Established by UPOV* (UPOV publications 644 (E), (F) and (G), respectively), including, in particular, the following revised models: (i) *Model Administrative Agreement for International Cooperation in the Testing of Varieties;* (ii) *UPOV Model Form for an Application for Plant Breeders' Rights;* (iii) *UPOV Model Form for an Application for a Variety Denomination;* and the *UPOV Recommendations on Variety Denominations* (UPOV publication INF/10).

Special Studies

The Patent Cooperation Treaty (PCT): Using it More Through Knowing it Better

Studies by L. Gruszow, R. Raue, W.S. Thompson and M. Tsuji

INTRODUCTION

The Patent Cooperation Treaty (PCT), which was signed in Wasbington on June 19, 1970, and entered into force on January 24, 1978, became operational on June 1, 1978; that date was also the one on which the first international application was filed. In the ensuing seven years, almost 30,000 filings have been made under the PCT, which at present comprises 39 Contracting States.

In the course of this initial period, confrontation with practical experience revealed a need to make amendments to the Treaty and above all to the Regulations under it. With the adoption in February 1984 of the latest changes, and the entry into force of most of them on January 1, 1985,[1] this phase of internal consolidation is now complete.

There still is progress to be made, however. More countries are expected to join the PCT Union, which will make it possible to broaden further the geographical scope of the Treaty. That scope is already quite considerable if one considers that, out of every 10 patent applications filed throughout the world, about nine are filed in PCT Contracting States. Another, perhaps more important, objective is the withdrawal of the reservations made by certain member States: while the United States of America is at present actively preparing to withdraw the reservation that it made regarding Chapter II of the PCT, on international preliminary examination, and while the other States still bound by comparable reservations may be expected to follow suit,[2] it is still necessary that two further reservations, which are significant for their adverse effect on the attractiveness of the PCT, be withdrawn, namely, that made by Japan under Article 64(2) and that made by the United States of America under Article 64(4). It is of course premature to say whether and, if so, when those reservations will in fact be withdrawn, but they are events earnestly hoped for.

We should not, however, ignore the efforts that have been made by member States to improve their national legislation to the advantage of the PCT: the United States of America and Japan, to mention those two countries once again, have both recently adopted amendments to their domestic legislation that will benefit PCT users, and similar action has been taken or is at present being taken in other Contracting States.

The time has come for applicants to take a new look at the possibilities offered by the PCT. It has come for a number of reasons: as

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[1] See *Industrial Property*, 1984, p. 115, and 1985, p. 145.

[2] Those States are Denmark, Liechtenstein, Norway, the Republic of Korea and Switzerland.

mentioned above, the PCT system has just undergone amendments that significantly improve its operation and increase its advantages. Moreover, the recent entry of Italy into the PCT Union marks tbe complete, factual realization of the harmony that already existed between the text of the PCT and that of the European Patent Convention: the combination of the two systems, which has been possible from the outset, is more attractive than ever, as *L. Gruszow* shows in her study on the "Euro-PCT route." And yet it would be wrong to think that the PCT's appeal is only now beginning: in economic terms, its advantages have already attracted important applicants, and others should follow in the future. *R. Raue's* study provides some very interesting material with which to evaluate this prospect. Also, *M. Tsuji* shows convincingly that in Japan the PCT sbould be used much more than it has been up to now—and his wide personal experience witb the PCT leaves little doubt as to the accuracy of his views, which may to a large extent be applied also to other countries. Finally, *W.S. Thompson* makes a welcome contribution for the benefit of persoos wishing to use the PCT to secure patents in the United States of America: the invaluable advice that he gives will make it possible to derive the greatest possible advantage from the present status of the PCT in his country.

In publishing these four studies, the International Bureau of WIPO wishes to give the reader the opportunity to acquire a more thorough knowledge of the PCT, and thereby to make him an enthusiastic user of it. In this way tbe PCT will be able to continue developing towards the eventual realization of the considerable, yet still largely unexploited potential that it offers to all those wbo wisb to secure worldwide protection for their inventions.

European Patents via the Euro-PCT Route

L. GRUSZOW*

I. Introduction

1. Before we embark on these reflections concerning the Euro-PCT route, it is perhaps worth recalling the cross-fertilization that took place between the thinking of the architects of the European patent system and that of tbeir counterparts working on the Patent Cooperation Treaty (PCT), those two 20th century scions of the Paris Convention. The initial thrust for the setting up of a European patent system had come from the Council of Europe, resulting in the Convention on the International Patent Classification (Strasbourg, 1954) and the Convention on the Unification of Certain Points of Substantive Law on Patents for Invention (Strasbourg, 1963), as well as from the European Economic Community, culminating in 1962 in the Preliminary Draft Convention relating to a European Patent Law. Then things ground to a standstill until, in 1966 at the initiative of the United States of America, WIPO's predecessor BIRPI launched the PCT project.

2. The PCT took sbape rapidly and with it tbe danger that Europe would be left wide open to a patent offensive from overseas. It was in respoose to this that, acting this time on a French initiative, discussions on the European patent system resumed in 1968. The upshot of all this competition was, as we know, the conclusion in June 1970 in Washington of the PCT and that of the European Patent Convention (EPC) in October 1973 in Munich and the operational launching of the two systems simultaneously on June 1, 1978.

3. Cross-fertilization is also evident in the two texts themselves, for although the authors of the PCT were pursuing the objective of creating a formal structure for a common filing, having the effects of national or regional filings in the designated States, supplemented by a state-of-the-art search and an optional substantive examination witb a view to making it easier for applicants to decide on whether to go ahead with (deferred) national or regional patent grant procedures, and although they deliberately avoided encroaching upon the substantive patentability requirements of the

* Administrator, International Affairs Directorate, European Patent Office, Munich.

Contracting States (cf. Article 27(5) PCT), they were nevertheless forced to adopt a certain number of recognized patentability criteria for the international procedure, so as to create a common basis on which the international authorities involved could carry out the international search and international preliminary examination.

For this purpose, the architects of the PCT system drew on the then recently unveiled (1963) repository of the Strasbourg Convention on the Unification of Certain Points of Substantive Law on Patents for Invention and enshrined its modern definitions of novelty, inventive step and industrial application almost verbatim in the Treaty. These same definitions form the basis of the substantive law on patentability in the EPC, where compliance with them is mandatory. In the case of the Treaty, the provisions governing the contents of the international application (documents making up the application, disclosure of the invention in the description and the claims) are mandatory for all the PCT Contracting States (cf. Article 27(1) PCT).

The authors of the EPC and its Implementing Regulations returned the compliment, as it were, by incorporating in the Convention the legal bases necessary to be able to acquire European patents via the PCT system (Euro-PCT route); they also borrowed from the PCT, wherever they could, the formal requirements and, in particular, all the conditions relating to the presentation of the application documents, so that the procedure for granting European patents either direct or via the Euro-PCT route would be harmonized from the outset.

Not only does this common heritage of the PCT and the EPC ensure that, wherever possible, the two types of application will be treated in the same way when the EPO is responsible for processing international applications in its multifarious capacities as a PCT Authority, but it holds out the prospect in the longer term of even greater harmonization between the patentability requirements of the PCT Contracting States.

4. Having dealt briefly in Section II below with how the Euro-PCT route has fared in practice, this article goes on to consider the legal and procedural basis for the interaction between PCT and EPC. This latter aspect is approached following the order of the successive steps of the international procedure from the point of view of their performance before the EPC acting as a PCT International Authority but also drawing attention to a number of specific aspects to be considered by applicants using the PCT system to obtain a European patent, regardless of the international authority before which the procedural steps have to be taken.

The term "Euro-PCT application" is used, on the basis of Article 11(3) PCT in conjunction with Article 150(3) EPC, to denote any international application to which an international filing date has been accorded designating at least one EPC Contracting State in respect of which the EPO is a designated Office for purposes of processing in the regional phase (cf. point 11).

II. The Euro-PCT Route Today

5. The first six years of the PCT system's existence have been highlighted by a steady growth in the number of international filings and in the number of participating States, from 18 on June 1, 1978—including six which were also EPC Contracting States—to 35 at present including all 11 EPC States.[1]

6. Another feature has been a remarkable concerted effort on the part of the PCT States, WIPO and the EPO as well as the interested circles to rationalize the PCT procedure, manifested by the amending of the PCT Regulations and two time limits prescribed in the Treaty itself and in the elimination of certain particularly onerous constraints brought to light by the experience of those who pioneered the use of the system.[2]

7. Furthermore, two States which had declared upon ratification of the Treaty that they would not be bound by Chapter II, concerning international preliminary examination, namely France and Luxembourg, have since rescinded that declaration. The United States, whose nationals file some 39% of PCT applications every year, has announced[3] that it too will shortly be rescinding its declaration regarding Chapter II. This, together with the amendment extending to 30 months the period prescribed in Article 39(1) PCT for initiating the national or regional phase before the elected Offices, which entered into force on January 1, 1985,[4] where the applicant opts for the Chapter II procedure, presages increasing use of the PCT in coming years.

8. The EPC too was found early on to be unduly severe in certain respects, especially as regards the penalities for failure to observe certain procedural time limits. This harshness has been mitigated by the insertion of the new Rules 85a and 85b into the EPC Implementing Regulations by Decisions of the Administrative Council of the European Patent Organisation of November 30, 1979, and June 4, 1981, respectively. Euro-PCT applicants enjoy the full benefit of these

[1] The 39 PCT Contracting States are listed in table 2.

[2] Cf. L. Gruszow, *"Le PCT, cinq ans après,"* in *"L'Ingénieur-Conseil."* No. 7-9/1984, pp. 201 *et seq.* Cf. also WIPO, "A New Era for the PCT System," PCT/GEN/6/Rev. and, for the text of the amendments last adopted by the PCT Assembly on February 3, 1984: *OJ EPO* 10/1984, pp. 500 *et seq.*, and *PCT Gazette* 8/1984, pp. 813 *et seq.* The text of the PCT and the Regulations thereunder as at January 1, 1985, is available as a booklet from WIPO (publication No. 274).

[3] Cf. "President asks Senate to Withdraw Reservation to Chapter II of PCT," in BNA's *Patent, Trademark & Copyright Journal*, vol. 28, No. 690, 1984, pp. 349 *et seq.*

[4] However, the 25-month period still applies to the national Offices of Finland, Japan (only for payment of the national fee; for the other steps referred to in Article 39(1)(a), the period under Article 22 still applies) and the United Kingdom.

provisions when the EPO is processing their applications as a designated or elected Office.[5]

9. A comparison of the respective figures for filing patterns during the first years of operation of the European and PCT systems reveals a number of interesting features regarding the choices made by applicants:

(a) From table 1, below,* it can be seen that over the last five years the EPO has been designated on average in 75% of international applications, so that Euro-PCT applications filed account for an extra 12.5% over and above the number of European patent applications filed direct every year.

(b) From this it can furthermore be deduced by reference to table 2, below, that while about 53% of European patent applications are filed direct by nationals of States which are parties to both the PCT and the EPC, these same nationals account for only some 28.5% of the total number of Euro-PCT applications. Nationals of the Federal Republic of Germany, who account for a considerable proportion of European direct filings (some 24% of the total) file less than 7.5% of the total number of Euro-PCT applications. The reverse is true of the Swedes (1.48% of total European direct filings as opposed to 6.3% of total Euro-PCT filings).

Doing this calculation for nationals of non-EPC Contracting States to the PCT who file a lot of European applications direct, it is interesting to note that United States nationals account for about 27% of European patent applications and over 29.25% of Euro-PCT filings whereas Japanese nationals, who account for almost 15% of European filings, file only 8.25% of Euro-PCT applications.

(c) As regards the transition of Euro-PCT applications to the European regional phase, table 3, below, shows on the basis of the number of requests for examination filed under Article 94(2) EPC[6] that an average of 66.4% of Euro-PCT applications filed are transmitted for substantive examination at the EPO as designated or elected Office.

This figure is about 20% lower than the percentage of requests for examination filed in the case of European direct applications (85.7%), which shows that the Euro-PCT option is used relatively more often than the direct route where the applicant is uncertain as to the profitability or patentability of his invention.

(d) From table 4, below, it can be seen that, of the applications that undergo substantive examination at the EPO as designated or elected Office, the percentages of grants, refusals and dossiers pending in terms of annual batches before the EPO for examination is by and large the same for European and Euro-PCT applications alike, although interestingly enough there is a higher incidence of withdrawals in the batches of Euro-PCT applications (18.6% on average) than for direct filings (12.1%).

III. Legal and Procedural Basis of the Euro-PCT Route

A. General Remarks

10. The pattern of the grant procedure under the EPC, divided into a first phase comprising filing of the application, formalities examination, state-of-the-art search and publication, and a second phase comprising substantive examination, fits in neatly with the PCT procedure.

Use of the Euro-PCT route and the diverse activities of the EPO as an International PCT Authority are based on Part X of the EPC (Articles 150 to 158 and Rules 104, 104a and 104b) and on the Agreement of April 11, 1978, between WIPO and the EPO in relation to the establishment and functioning of the European Patent Office as an International Searching and International Preliminary Examining Authority under the PCT.[7]

11. The provisions concerned are briefly recapitulated below:[8]

(a) International applications may be the subject of proceedings before the EPO, in which case the provisions of the PCT supplemented by those of the EPC apply; in case of conflict, the provisions of the PCT prevail (Article 150(2) EPC).

(b) Under Article 150(3) EPC in conjunction with Article 11(3) PCT, an international application which has been accorded an international date of filing and for which the EPO acts as designated Office or elected Office is deemed to be a European application ("Euro-PCT application"). Article 150(3) EPC establishes the link between Article 11(3) PCT and Article 66 EPC and thus confers on Euro-PCT applications the legal status of a regular national filing in the EPC Contracting States

* All tables appear at the end of the text.

[5] Cf. G. Gall, *"Der Rechtsschutz des Patentanmelders auf dem Euro-PCT Weg,"* in *GRUR. Int* 1981, pp. 417 *et seq.* and 419 *et seq.* as well as "PCT Questions in the Euro-PCT Context," in [1984], 11 EIPR, pp. 302 *et seq.*

[6] A statistic close to but more significant than that for applications entering the regional phase on submission of the translation and payment of the fee required under Article 22 or, as the case may be, Article 39 PCT.

[7] Cf. *OJ EPO* 4/1978, pp. 249 *et seq.*, 4/1979, p. 139; 10/1981, p.470; 11/1984, pp. 585 *et seq.* = *PCT Gazette* 2/1978, pp. 107 *et seq.*; 4/1979, p. 145; 23/1981, p. 2223; 28/1981, p. 2698; 25/1984, pp. 3095 and 3097.

[8] For a more detailed account, see G. Kolle and U. Schatz, *"Das Europäische Patentamt als internationale und regionale Behörde nach dem PCT, Aufgaben, Erfahrungen, Entwicklungen,"* in *GRUR. Int.* 1983, pp. 521 *et seq.*

designated in the international application just as if they were direct European filings.

(c) The EPO acts as a designated Office if the applicant (who must be eligible to file an international application under Article 9(1) PCT), has validly designated one or more States party to both the PCT and EPC indicating that he wishes to obtain a European patent for such State. This effect is automatic if the State has invoked the option under Article 45(2) PCT whereby any PCT application designating it has to be processed via the regional rather than the national Office (Article 153 EPC).

Since March 28, 1985, when the PCT entered into force for Italy, all EPC Contracting States are also party to tbe PCT. Three—Belgium, France and Italy— have invoked Article 45(2) PCT.

(d) The EPO acts as an elected Office if an applicant eligible to proceed under Chapter II PCT has validly elected one or more of the States party to both the EPC and the PCT bound by Chapter II PCT (Article 156 EPC).

At present, of the States which are party to both tbe EPC and PCT, only Liecbtenstein and Switzerland have declared that they shall not be bound by Chapter II of the PCT.[9]

This means that those two States may not be elected in the demand for international preliminary examination and that any of their nationals who have filed a Euro-PCT application must, like the nationals of any other State wbich has declared that it shall not be bound by Chapter II of the PCT, initiate the European regional phase before the EPO as designated Office within the time limit prescribed in Article 22 PCT.

However, if the Euro-PCT application jointly designates these two States and one or more other States party to both the EPC and PCT, including Chapter II, any applicant eligible to proceed under Chapter II PCT who validly elects that or those other States is entitled, because of the unitary nature of the Euro-PCT application, to extend the deadline for initiating the regional phase before the EPO as elected Office under the conditions laid down in Article 39 PCT.

B. Filing of the International Application

(a) The EPO as Receiving Office

12. Under Articles 151 and 152 EPC, the EPO acts as receiving Office for the nationals of all EPC Contracting States. It does so side by side with the national Offices of those States so that the applicant can choose between the EPO and the national Office of his own country unless required by national law or regulations, usually relating to national defense, to file his PCT application with the national Office.

13. As can be seen from table 2, nationals of the EPC Contracting States prefer to file their international applications with their national Office (in 1983, only 16.1% of the 2,181 PCT applications filed by nationals of EPC Contracting States were filed with the EPO acting as receiving Office). Apart from the obvious reasons of convenience, this is also explained by the linguistic advantages in the case of Belgium, the Netherlands and Sweden. In fact, the Belgian and Netherlands Offices not only accept international applications in Dutch but they are then searched in Dutch by the EPO as International Searching Authority (cf. Annex A to the Agreement between WIPO and the EPO under the PCT). Tbe Swedish Office accepts PCT applications in Swedish and processes such applications as International Searching Authority. When one recalls that the EPO gives full recognition, on transition of a Euro-PCT application to the regional phase (cf. point 32) to the international search report drawn up by the Swedish Office and tbe sizable difference in the level of fees charged by the two Offices, it is understandable that Swedish applicants (and nationals of the other Scandinavian countries, who are also eligible for the same treatment) are enthusiastic adherents of the Euro-PCT route. If British subjects choose their national Office as receiving Office, it is also the competent International Preliminary Examining Authority in the event that the applicant proceeds under Chapter II of the PCT (cf., however, point 42).

14. Experience in the early years of tbe EPO's activity as receiving Office indicates that users of the PCT route have gradually come to terms with the peculiarities of the international filing procedure. The number of applications in which deficiencies are noted has dropped substantially as a result and is comparable to that for European direct filings. In particular, applicants now know that, because the common filing is equivalent to a valid filing in each designated State, they have to distinguish with regard to the identity of the applicant between countries, such as the United States where the applicant has to be the inventor, and the European States where the applicant can be a legal entity while the inventor, as a natural person, falls within a separate category and is treated separately for purposes of the grant procedure.

15. When the EPO is acting as receiving Office, the PCT provisions governing payment apply, supplemented by those under the EPC, such as the provisions (Articles 5 and 8) of the EPO's Rules relating to Fees concerning methods of payment and the date on which payment is considered to have been made. In particular, holders of deposit accounts at the EPO[10] can validly effect

[9] As well as these two States, Chapter II does not at present apply to the following: Denmark, United States of America, Norway, Republic of Korea.

[10] Cf. *OJ* 1/1982, pp. 15 *et seq.*

payment of fees by debit order telexed on the last day of the time limit.

16. In its capacity as receiving Office, a transmittal fee is payable to the EPO within one month after receipt of the international application (Article 152(3) EPC).

The amendment to Rule 15.4(c) PCT which entered into force on January 1, 1985, clarified the question of what amount is actually payable in respect of the international fee (basic fee and designation fees) where an increase in fees or their equivalents in the currency or currencies of the receiving Office takes effect between the date of receipt of the international application and the date of payment: the lower amount is due if the fees are paid within one month after the date of receipt of the international application, and the higher amount in the case of fees paid more than one month after the date on which the international application is received (this second possibility relates only to the designation fees where the international application claims a priority and is filed before expiry of the priority period).

This approach which, as a result of Rule 16.1(f) PCT applies to payment of the search fee too, will also be adopted by the EPO as regards transmittal fee payments so as to ensure that all three categories of fee are treated in the same way.

17. Finally, the provisions relating to representation before the EPO applicable in the direct European procedure have to be observed by the applicant where the EPO acts as receiving Office under the PCT (Article 27(7) PCT in conjunction with Articles 150(2), 133 and 134 EPC).

(b) Points Specific to the Euro-PCT Designation

(i) Designation of the EPC States

18. As stated earlier in point 11(c), it has been possible since March 28, 1985, to designate all the EPC Contracting States in the international application with a view to obtaining a European patent for those States. Except in the case of Belgium, France and Italy, which have invoked the possibility under Article 45(2) PCT so that their designation in a PCT application is automatically for a European patent, the fact that a European patent is sought has to be specified in the request for processing the PCT application.

19. One advantage of using the Euro-PCT route is the possibility of designating all the EPC Contracting States as a unit in the PCT request (Request Form PCT/RO/101, Section V, Box "EP"), in which case under Rule 15.1 PCT, only one fee is payable for the unitary European designation as regards the international phase. By proceeding in this way, the applicant reserves maximum territorial coverage for his PCT application and defers his decision as to how he will limit that scope, if at all, until expiry of the period—21 months or 31 months[11] as the case may be from the priority date—prescribed in Rule 104b EPC for paying the European designation fees referred to in Article 79(2) EPC when initiating the regional phase before the EPO as designated or elected Office.

Taking an average of 6.5 designation fees paid by direct European applicants[12] under Article 79(2) EPC, an applicant using the Euro-PCT route can, under the current fee schedules, defer commitment of DM 1,680 if he pays the PCT designation fee of DM 190. This factor is worth bearing in mind even if in all probability, with the passage of time, the applicant will maintain a lower number of designations on commencement of the regional phase than that indicated above.[13]

(ii) Items in the International Application Provided for in the PCT, the Omission of Which is Penalized by the Designated or Elected Offices

20. While the authors of the PCT managed to have a range of requirements as to the content and form of the international application incorporated in the law common to all the PCT Contracting States (cf. point 3), there are still a number of requirements for which no binding common solution could be found. These have accordingly been included in the Treaty without their non-observance being penalized in the international phase. However, this can be fatal to the application once the designated or elected Offices have become competent.

21. The aspects of the international application to which, from the point of view of the Euro-PCT designation, attention needs to be drawn are dealt with below:

(a) Where the application refers to a microorganism that is not available to the public and which cannot be described in such a way that a person skilled in the art can carry out the invention, a sample of the microorganism must have been deposited not later than the date of filing of the Euro-PCT application with an authority recognized by the EPO.[14] Furthermore, the international application as filed must contain the relevant information available to the applicant on the characteristics of the microorganism. If the application did not

[11] Assuming the two-month period of grace subject to payment of a surcharge under Rule 85a EPC is exploited to the full.

[12] Cf. *1983 Annual Report of the EPO*, p. 46.

[13] For an account of the overall cost of the European patent grant procedure via the direct route and via the Euro-PCT route the reader is referred to R. Raue, "The PCT Route from the Point of View of a German Applicant," pp. ... *et. seq.* of this issue.

[14] These are the International Depositary Authorities under the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, done at Budapest on April 28, 1977, and a number of other Authorities with which the EPO has bilateral agreements. The culture has to be deposited in accordance with the conditions prescribed either in the Budapest Treaty or in the bilateral agreement (cf. *OJ EPO* 1/1985, pp. 29 and 30).

contain particulars of the depositary authority and the deposit number of the sample when the application was filed, they must be communicated to the International Bureau direct or via the receiving Office not later than 16 months from the priority date (or earlier if the applicant requires early publication of the international application), in accordance with the provisions of Rule 13*bis*.4 PCT.

These requirements are based on Rule 28 EPC concerning inventions in the field of biotechnology. If the Euro-PCT applicant wishes to make use of the expert option provided for in Rule 28(4) and (5) EPC, his request must be with the International Bureau before the technical preparations for publication of the PCT application have been completed, preferably accompanied by Form PCT/RO/134.

If the aforementioned requirements are not fulfilled, in the regional phase before the EPO the competent Examining Division may refuse the Euro-PCT application for insufficient disclosure (Article 83 EPC).[15]

(b) In the case of the designation of the inventor as an element of the international application prescribed in Article 4 and Rule 4.1 PCT, its omission from a Euro-PCT application constitutes a deficiency which the applicant is invited by the EPO to remedy after the regional phase has begun (Rule 104b(2) EPC).[16]

(c) Similarly, if the applicant has not complied with Rule 17 PCT regarding submission of a copy of an earlier national or regional application the priority of which is claimed in the PCT application (priority document) by the end of 16 months from the priority date, he is invited to supply the document to the EPO as designated or elected Office once the regional phase begins.[16]

(iii) Premature Termination of the International Procedure

22. Although the severity of procedures before the receiving Office as regards meeting PCT time limits for payment of fees (Rule 16*bis*) and for rectifying formal deficiencies in the application at the invitation of the receiving Office (Rule 26.2) has been tempered since the PCT entered into force, it is still possible for the international procedure to be brought to a premature close as a result of the applicant having failed to comply with a formal requirement, in which case the international application as a whole or certain designations are considered to have been withdrawn.

In such a situation, the applicant has the possibility under Article 25(1) PCT of applying to each of the designated Offices with a view to continuing the procedure for grant in respect of the territory for which each of those Offices is competent, either on the basis of a review of the receiving Office's declaration (Article 25(2) PCT) or on the basis of legal safeguards under national legislation, which are applicable as a result of Article 24(2) in conjunction with Article 48(2) PCT.

To that end, the applicant must request the International Bureau within two months from the date of the receiving Office's declaration terminating the procedure to send to the designated Offices a copy of the file of the international application. He must also, within the same time limit, take the steps required by Article 22 PCT before the designated Offices so as to initiate the regional or national phase (Rule 51 PCT).

23. In the case of the EPO as designated Office, the applicant must take the following steps within the two-month time limit under Rule 51 PCT in order to benefit from the legal safeguards applicable to Euro-PCT applications under Article 48(2)(a) PCT in conjunction with Article 150(3) EPC:[17]

(i) he must pay all the fees referred to in Rule 104b EPC, i.e., the national fee, the European designation fees provided for in Article 79(2) EPC, the European search fee and any excess claims fees; he must also file the translation of the international application if it is not in one of the EPO official languages;

(ii) he must furthermore file, under Article 121 EPC, the request for further processing of the Euro-PCT application and pay the relevant fee and, if necessary, perform the omitted act before the receiving Office if the international procedure was terminated because of failure to observe a time limit set by that Office; if it was terminated owing to failure to observe a time limit explicitly provided for in the PCT or the Regulations thereunder, the applicant, instead of requesting further processing, must apply for re-establishment of rights under Article 122 EPC, pay the relevant fee and supply the grounds on which that application is based and, if necessary, complete the omitted act;

(iii) if the applicant has been unable, both vis-à-vis the International Bureau and the EPO, to meet the time limit under Rule 51 PCT for initiating the regional phase and he fulfills the conditions for re-establishment set out in Article 122 EPC, that safeguard procedure is applicable to him for the reasons set out in the introduction to this point.

[15] For more details, see the Guidelines for Examination at the EPO C-II, 6.3.

[16] The EPO's practice in this respect is based on the application to Euro-PCT applications under Article 48(2) PCT of the Reasons for Decision J 01/80 of the EPO Board of Appeal (*OJ EPO* 9/1980, pp. 289 *et seq.*).

[17] Cf. G. Gall, *"Der Rechtsschutz des Patentanmelders auf dem Euro-PCT Weg,"* in *GRUR. Int.*, pp. 491 *et seq.* and Decisions of the EPO Legal Board of Appeal J 5/80, *OJ* 9/1981, pp. 343 *et seq.*, and J 12/82, *OJ EPO* 6/1983, pp. 221 *et seq.*, and also the Decision of Examining Division 125 dated June 5, 1984, *OJ EPO* 11/1984, pp. 565 *et seq.*

From the above it can be seen that applicants who take the Euro-PCT route to a European patent can benefit from legal safeguards which, though expensive, afford a degree of procedural security which may be greater than that afforded by the Convention for direct European filings. It should be remembered that if the applicant neglects to pay within the period of grace under Rule 85a EPC the filing, designation and search fees payable for the European patent application filed direct, he is debarred from re-establishment of rights under Article 122 EPC (Article 122(5) EPC).

B. The International Search

(a) The EPO as an International Searching Authority

24. Under Article 154 EPC and Article 3(I) of the Agreement between WIPO and the EPO under the PCT, the EPO has universal competence to act as an International Searching Authority provided that it has been specified by the individual receiving Offices of the PCT Contracting States and that the language of the international application is one of those specified in the Annex to the Agreement (the three official languages of the EPO and, in the case of PCT applications filed with the patent offices of Belgium and the Netherlands, Dutch).

25. The EPO is currently responsible under this heading for searching international applications filed with 22 receiving Offices, including the EPO itself and the 10 national Offices of the EPC Contracting States.[18] In the case of international applications filed with these latter receiving Offices, the EPO is, under the Protocol on Centralization adopted at the Munich Diplomatic Conference on October 5, 1973, sole International Searching Authority competent, except as regards applications filed with the Swedish Patent Office. The EPO is also sole Authority competent for applications filed with the patent offices of Malawi, Monaco and the Sudan, while the specification by the eight other receiving Offices[19] comes under Rule 35.2 PCT whereby the EPO is one of a number of competent authorities among which the applicant may choose.

26. The EPO draws up an average of 30% of the international search reports issued each year by the seven International Searching Authorities acting for all the PCT Contracting States.

The proportion is likely to increase now that the EPO has been specified by the United States Patent and Trademark Office (USPTO) with effect from October 1, 1982, and is about to be specified by Japan. The number of international search reports drawn up by the EPO for international applications filed with the USPTO accounted for 22% of the total number of reports issued by the EPO in 1983 (360 out of 1,601) and 23.2% in 1984 (479 out of 2,063).

27. The search fee collected for the EPO in its capacity as International Searching Authority under Rule 16.1 PCT must be paid to the receiving Office, even where that fee is refundable fully or in part under Article 8(2) in conjunction with Annex B(II) of the Agreement between WIPO and the EPO under the PCT, i.e., where the international search report can be based fully or in part on an earlier search report drawn up by the EPO on a patent application whose priority has been claimed for the international application. The refunding of the international search fee is a matter for the EPO to settle direct with the applicant.

The situation is different for nationals of developing countries eligible to benefit from the conditions set out in the Decision of the Administrative Council of the European Patent Organisation of December 9, 1983, as amended on June 8, 1984, in which case the international search fee is reduced by 75% if the EPO acts as the International Searching Authority.[20]

28. There is complete harmonization between EPO search procedures for international applications and direct European applications, with the exception of some formal requirements peculiar to the two systems (see, however, point 29).

In particular, the search documentation, search philosophy and search methods are the same. The changes made to the Administrative Instructions relating to the international search, as a result of the Tokyo meeting of the International Searching Authorities in May 1981, concerning the method of indicating the documents cited in the search reports and the admissibility of citing members of patent document families in an Annex to the search report have eliminated almost all the remaining disparities.

29. One procedural difference that still exists between the European and international search procedures is where the search examiner raises an objection on grounds of lack of unity of invention, within the meaning of Rule 46 EPC or, as the case may be, Article 17(3)(a) in conjunction with Rule 40 PCT, where a degree of harmonization would seem to be desirable.

Under the EPC system, the search examiner draws up a partial search report covering the invention first mentioned in the claims and forwards it to the applicant inviting him to pay one or more additional search fees.

[18] The Swiss Patent Office acts as regional Office for nationals of Liechtenstein and Switzerland.

[19] The national industrial property offices of Bulgaria, Brazil, Denmark, Finland, Norway, Romania, the United States of America and the International Bureau of WIPO.

[20] Cf. *OJ EPO* 1/1984, p. 3, and 7/1984, p. 297, as well as *PCT Gazette* 25/1984, p. 3097. This Decision also affects the international preliminary examination fee where the EPO is IPEA. The Decision does not yet apply to nationals of developing countries but arrangements to that end with regard to a number of the countries concerned are nearing completion.

Under the PCT system and in accordance with the PCT Guidelines for International Searching Authorities, however, tbe partial report is retained by the EPO when the invitation to pay the additional search fees is issued, pending the drawing up of the complete international search report.

The European procedure is markedly more favorable to the applicant, since it gives him an opportunity to decide on the advisability of incurring the expenses of one or more additional searches in the light of the partial search report.

30. Under Article 154(3) EPC, the EPO Technical Boards of Appeal are responsible for deciding on protests made by the applicant under Rule 40.2(c) PCT where the EPO in its capacity as an International Searching Authority raises an objection of lack of unity.

Seventeen Decisions have been taken to date under this head (15 relating to international applications filed by nationals of EPC Contracting States and two relating to applications filed with the USPTO). It is worth pointing out here that it is because the definitions relating to the unity of invention requirement in the PCT (Rule 13) and the EPC (Article 82 in conjunction with Rule 30) are harmonized that the criterion is applied in the same way in both systems by search examiners and Boards of Appeal alike.[21] In the event of the EPO in its capacity as International Searching Authority challenging an international application for lack of unity and if the applicant wants European protection for the parts of the application regarded as not belonging to the main invention for purposes of the international search, he should accordingly pay the additional search fees with a view to obtaining an international search report on all parts of the invention and at the same time make the protest referred to in Rule 40.2(c) PCT. By doing so he can obtain a decision in the international phase taken at EPO Board of Appeal level thus averting the delay in processing the Euro-PCT application at the beginning of the regional phase resulting from the procedure for the re-examination of unity of invention prescribed in Rule 104b(3) and (4) EPC, in which case review by a Board of Appeal involves payment of an appeal fee.

(b) The International Search Report in the Euro-PCT System

31. Although the original intention of the PCT's authors of having a single International Searching Authority is no longer one of the immediate priorities of the parties to the PCT, that of achieving maximum harmonization of the documents and methods of working used by the active International Searching Authorities is high on their list when it comes to encouraging use of the international procedure. For many reasons—linguistic aspects and ingrained national habits being to the forefront—the difficulties to be overcome are of major proportions.

32. The mechanisms for taking into account the international search report drawn up for a Euro-PCT application when it enters the regional phase before the EPO as designated or elected Office are based on Article 157 EPC and the Decisions of the Administrative Council of the European Patent Organisation.[22] A distinction is drawn between reports prepared by the EPO and the Contracting States to the EPC (with which the EPO has concluded working agreements with a view to harmonizing search activities in accordance with the Protocol on Centralization), on the one hand, and those drawn up by the patent offices of the other PCT Contracting States, on the other:

— the international search report replaces unconditionally the European search report if it has been drawn up by the EPO, the Swedish Patent Office or the Austrian Patent Office; in those cases, the European search fee payable at the outset of the regional phase referred to in Article 157(2)(b) EPC is waived;

— a supplementary European search report is drawn up if the international search report is from one of the other International Searching Authorities; in such cases, the European search fee provided for in Article 157(2) is reduced by 20%.

The supplementary European search report is sent to the applicant and a copy is placed in the file of the application. The supplementary report is not published but the fact that it has been drawn up will in future—as from a date which will be announced in the *Official Journal (OJ)* of the EPO—be mentioned in the Register of European Patents. A collection of supplementary reports, classified by the European publication numbers allotted to Euro-PCT applications, is available to the public in the EPO library in Munich.

33. For purposes of calculating the time limit provided for in Article 94(2) EPC for filing the request for substantive examination with the EPO as designated or elected Office, publication of the international search report, which always includes a version in one of the EPO official languages, replaces, in accordance with Article 157(1) EPC, publication of the European search report even where a supplementary search report has to be drawn up at the beginning of the regional phase.

Consequently, the Euro-PCT applicant must file the request for examination and pay the examination fee within six months from the date of publication of the international search report although the time limit

[21] Because of this, Technical Board of Appeal 3.3.1 referred, in the Reasons for an unpublished Decision concerning an international application, to the criteria it itself had applied to a European patent application, namely, the *"Benzyl esters/Bayer"* case, Decision T 110/82, *OJ EPO* 7/1983, pp. 274 *et seq.*

[22] Cf. Decisions of December 21, 1978, May 17, 1979, September 14, 1979, and December 11, 1980, *OJ EPO* 1/1979, p. 4, 6-7/1979, p. 248, 9/1979, p. 368 and 1/1981, p. 5, respectively.

cannot expire before the end of 20 months (where the EPO is designated Office) or 30 months (where the EPO is elected Office) from the priority date (cf. Article 150(2) EPC).

The fact that, where a supplementary European search has to be carried out on the Euro-PCT application, the applicant normally has to file the request for examination before he sees the resulting report is based on a restrictive interpretation of Articles 157(1) in conjunction with Article 94(2) EPC arising out of the constraints surrounding extension of the time limit for filing the request for examination written into the Convention by its authors (Article 95) with a view to precluding the possibility of a deferred examination in the European system.

34. Nevertheless, if the applicant decides to abandon his Euro-PCT application in the light of the supplementary search report, he can henceforth have the examination fee refunded. This is the result of a recent Decision of the Legal Board of Appeal.[23] The Board took the view that, since the interaction between the provisions of the PCT and the EPC demanded the same treatment regardless of whether applicants use the direct route or the PCT route, the invitation procedure under Article 96(1) in conjunction with Rule 51(1) EPC, whereby applicants who have filed the request for examination before the European search report has been forwarded to them are invited to state within a time limit prescribed by the EPO whether they wish to maintain the European patent application, applies to the supplementary European search report. As a result, the procedure for reimbursement of the examination fee applied to European patent applications filed direct, in accordance with EPO Legal Advice No. 1/79[24] is applicable to Euro-PCT applications on which a supplementary search report has to be carried out. If the applicant does not respond to the invitation or states within the time limit that he is withdrawing his application, the examination fee is refunded. If, however, he wishes to pursue his application, he must expressly so declare within the time limit prescribed by the invitation, as otherwise the application will be deemed to be withdrawn as in the case of the direct European route (Article 96(3) EPC).[25]

35. Another recent Decision of the same Board of Appeal[26] likewise for similar reasons of equal treatment between European direct and Euro-PCT applications and referring to Article 10 of the EPO Rules relating to Fees, comes out in favor of refunding the examination fee where the Euro-PCT application is withdrawn before the EPO has begun to prepare the European supplementary search report.

[23] Cf. Decision J 08/83, *OJ* 4/1985, pp. 102 *et seq.*

[24] Cf. *OJ EPO* 2/1979, pp. 61 *et seq.*

[25] This time limit is covered by the legal safeguards provided for in Articles 121 and 122 EPC.

[26] Cf. Decision J 06/83, *OJ* 4/1985, pp. 97 *et seq.*

D. International Preliminary Examination

(a) The EPO as International Preliminary Examining Authority

36. Under Article 155 EPC and Article 3(2) of the Agreement between WIPO and the EPO under the PCT in its version revised by Decision of the PCT Assembly on September 28, 1984, the EPO's competence as an International Preliminary Examining Authority (IPEA), though universal in that the receiving Office of any Contracting State bound by Chapter II of the PCT can specify it, is limited to applications filed with those receiving Offices for which the EPO, the Austrian Patent Office or the Swedish Patent Office carried out the international search.

This qualification was added to the Agreement in view of the heavy work load of direct European patent applications for examination at the EPO and so as to ensure that the functioning of the EPO as an IPEA will be focused on those international applications which are in principle geared to election of the EPO and with regard to which the existence of the international preliminary examination report is a major asset when it comes to the subsequent European patent grant procedure.[27]

37. At present the EPO acts as sole IPEA for international applications filed with the EPO itself and with all the receiving Offices of the EPC Member States except for those filed with the United Kingdom Patent Office, which itself is an IPEA, and the Swiss Patent Office, because Switzerland and Liechtenstein are not bound by Chapter II of the PCT (see, however, point 11(d), above). Furthermore, in the case of PCT applications filed with the Swedish Office as receiving Office, the competence of the EPO is shared with that of the national Office and confined to applications filed in English.

The EPO is at present also specified by the receiving Offices of all non-EPC Contracting States to the PCT for which it acts as International Searching Authority and which are bound by Chapter II of the PCT.

38. The payment of fees to the EPO as IPEA is governed by Rules 57 and 58 PCT and by the provisions of the Agreement between WIPO and the EPO under the PCT as well as the complementary provisions of the EPO's Rules relating to Fees. Under the Decision of the President of the EPO of October 11, 1979 (published in

[27] A further temporary limitation of the number of applications accepted for international preliminary examination can be imposed by the EPO under the procedure provided for in Article 12 of the Agreement between WIPO and EPO under the PCT in view of the work load of European patent applications for processing. On this basis the EPO has indicated that it intends to limit to 500 the number of international applications filed with the USPTO as receiving Office which can be accepted for international preliminary examination if the United States, when it withdraws its reservation on Chapter II of the PCT, specifies the EPO as IPEA.

EPO Official Journal 10/1979, p. 427), the international preliminary examination fee is payable on the date on which the demand for international preliminary examination is submitted (cf. however, Rule 58.2 PCT).

Even though an applicant who has not paid the fee (and this goes for the handling fee as well) by the aforementioned date is invited to take the necessary action within one month by the EPO acting as IPEA (in accordance with Rules 57.4 and 58.2 PCT), it is advisable to pay the fees upon submission of the demand. Otherwise, on the one hand, the beginning of the international preliminary examination may be delayed and, on the other hand, the applicant runs the risk of a late payment in which case the demand is considered as if it had not been submitted; at the same time, by depriving himself of the benefit of the time limit provided for in Article 39(1) for initiating the national procedure before the Offices which he wishes to elect, he may be debarred completely from initiating the national phase if the 20-month time limit referred to in Article 22 PCT has meantime expired.

39. To date, EPO activity as an IPEA has been on a fairly small scale: the number of demands for international preliminary examination received by the EPO over the last four years has accounted for only 14.5% of the total filed with the five active IPEAs (totals—1980: 175, 1981: 235, 1982: 422, 1983: 259, 1984: 271). A marked increase in EPO activity in this respect can be expected when it has to cope with a proportion of the international applications filed with the USPTO and the Japanese Patent Office (cf. points 7, 26 and 36, above).

40. Since the international preliminary examination procedure, in cases which do not give rise to specific problems with regard to patentability criteria, is identical to the European substantive examination procedure except that it has to be completed in a much tighter time frame, the EPO as IPEA welcomes the amendment of the time limit under Rule 69.1 PCT that entered into force at the beginning of this year, under which the time limit for preparing the report is generally extended to 28 months from the priority date of the international application, removing as it does some of the pressure of time on examiners and applicants for processing cases.

(b) The International Preliminary Examination Report in the Euro-PCT System

41. Because the patentability criteria in the EPC and those applicable to the international preliminary examination report are based on the same definitions (cf. point 3, above), such reports drawn up by the EPO are a major asset when it comes to the subsequent procedure before the EPO as elected Office.

Another positive factor to date has been the fact that the international preliminary examination procedure before the EPO was conducted solely by applicants from EPC Contracting States and their representatives, who are European patent attorneys under Article 134 EPC. This has meant that it has followed a well-tried pattern taking into account the specific requirements of Euro-PCT designation. This could change now that the EPO will also be acting as IPEA for applicants from States which are not party to the EPC and who, in accordance with Article 49 PCT, will be able to conduct the procedure without having to appoint a European patent attorney.

42. Reports drawn up by the EPO are in large measure taken into account on transition to the regional phase, and applicants at present enjoy a 70% discount on the examination fee under Article 94 EPC.

Since the examiner who drew up the international preliminary examination report will usually also be the primary examiner in the Division handling the Euro-PCT application, the applicant can expect that the grant procedure will be completed swiftly by the Examining Division if the international report has been positive, although there is always the possibility that account may have to be taken of a co-pending application as defined in Article 54(3) EPC. Such a document may come to light during the international procedure, where it is set aside pursuant to Rule 64.3 PCT, or during the search carried out specifically for that purpose on any European patent application during substantive examination.[28]

In the event that the international preliminary examination report concludes that the invention is not patentable, an applicant who nevertheless proceeds with the European phase before the EPO as elected Office has at his disposal all the means available under the direct European procedure, including the possibility of recourse to the EPO Boards of Appeal.

43. A useful evaluation of the extent to which EPO Examining Divisions are able to make use of preliminary examination reports drawn up by other Authorities is not yet possible owing to the small number of Euro-PCT applications to date, accompanied by such reports, processed after transition to the European phase before the EPO as elected Office. Such an evaluation is particularly difficult as regards Euro-PCT applications for which a supplementary search report (cf. point 32) has to be drawn up on transition to the regional phase and as a result of which patentability may have to be assessed against a different state of the art.

At present, under Rule 104b(5) EPC if the international preliminary examination report has not been drawn up by the EPO, the applicant must pay the full examination fee provided for in Article 94(2) EPC when completing the formalities required on transition to the regional phase before the EPO as elected Office. As stated in points 34 and 35, above, the examination fee is

[28] Cf. Guidelines for Examination at the EPO, C-VI, 8.4.

refundable if a supplementary search report has to be drawn up by the EPO and the request is withdrawn or deemed to be withdrawn within certain time limits.

E. Initiating the Regional Phase Before the EPO as Designated or Elected Office

44. It would be impossible to deal in this short space with details of the formalities that have to be completed by the applicant in order to initiate the regional phase before the EPO as designated or elected Office in view of all the potential situations that can arise for the different users of the Euro-PCT route.

The reader will find a detailed account in the Information for PCT Applicants Concerning Deadlines and Procedural Steps Before the EPO as a Designated or Elected Office under the PCT published in *EPO Official Journal* 12/1984, pp. 621 *et seq.* and pp. 631 *et seq.*, respectively.[29]

Applicants are particularly recommended to use for these procedural steps the forms[30] obtainable free of charge from the EPO, the headings and explanatory notes of which will go a considerable way towards ensuring that the necessary steps are properly carried out.

In addition, table 5, below, summarizes the steps that have to be taken for the regional phase to begin within 20 or 30 months from the date of priority of the Euro-PCT application, either within the month or months immediately following expiry of that period. It also indicates the legal remedies provided for in the EPC and the Implementing Regulations thereto for European direct filings which also apply, under Article 24(2) in conjunction with Article 48(2) PCT and the principles established by the EPO in accordance with the case law of its Boards of Appeal, to Euro-PCT applications in the event of failure to meet those time limits.

Consequently, we shall confine ourselves to drawing attention to a number of aspects of the international procedure not dealt with above and worthy of special mention in the context of transition to the regional phase before the EPO as designated or elected Office.

(a) International Publication

45. International applications are published, under Article 21 and Rule 48 PCT, either in one of the three official languages of the EPO or in Japanese or Russian. Where the application is to be published in a language other than English, the international search report is published in English too.

46. Under Article 158 EPC, international publication in one of the official languages of the EPO takes the place of the European publication provided for in Article 93 EPC. This has the following implications:

(a) The content of the application becomes part of the state of the art as a written disclosure within the meaning of Article 54(1) EPC; in the case of applications referring to the deposit of a microorganism in accordance with Rule 13*bis* PCT, the culture of the microorganism becomes available to the public in accordance with Rule 28, paragraph 3 *et seq.*, EPC.

(b) If the applicant has paid within the prescribed period the fees due on transition to the regional phase under Rule 104b EPC, the Euro-PCT application is regarded as a conflicting application as defined in Article 54(3) vis-à-vis any European patent application (filed direct or via the Euro-PCT route) having a later filing or priority date.

The condition that the fees have to have been paid for the application to acquire conflicting status is based on Article 158(1) and (2) EPC. While it is true that Article 158(2) refers merely to the national fee provided for in Article 22(1) or, as the case may be, Article 39(1) PCT, in the practice of the EPO this term encompasses the national fee proper as well as at least one designation fee and the supplementary European search fee (where payable), i.e., the equivalent of all the fees payable on filing of a European patent application direct.

(c) The international publication date marks the beginning of the six-month period for filing the request for examination provided for in Article 94(2) EPC, except where it is extended to the expiry of the time limit provided for in Article 22 or 39 PCT (cf. point 33, above).

(d) The Euro-PCT application thus published enjoys the provisional protection in the designated Contracting States conferred by Article 67 EPC, subject to the national Offices of those States which so require being furnished with the translation of the claims as provided for in Article 67(3).[31]

47. If the Euro-PCT application has not been published in an EPO official language, the translation filed by the applicant on transition to the regional phase is published, in accordance with Article 158(3), in the form prescribed by Article 93 and Rule 49 EPC for European direct filings.

This European publication is necessary for the application to acquire conflicting status under Article 54(3) EPC and for the taking effect of the provisional protection under Article 67 EPC subject to the filing of any translation required (cf. point 46(d), above).

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[29] Cf. also the *PCT Guide for Applicants*, vols. I and II, Section "EP."

[30] EPA/EPO/OEB Form 1200 (Procedural Steps to be Taken Before the EPO as Designated Office) and EPA/EPO/OEB Form 1215 (Procedural Steps to be Taken Before the EPO as Elected Office).

[31] For more details, see the brochure entitled "National Law Relating to the EPC—Synopsis of the Regulations and Requirements in the Contracting States Concerning European Patent Applications and Patents," available free of charge from the EPO.

At the same time, the PCT application as published becomes part of the state of the art as a written disclosure in the PCT language of publication, under Article 158(1) EPC, as from the date of international publication.

As regards Euro-PCT applications not published in an EPO official language, it has to be remembered that the period for filing the request for examination begins on publication of the international search report and not on the date of publication of the application pursuant to Article 158(3) EPC.

(b) Correction of Errors

48. Obvious errors in the documents making up the international application may be corrected pursuant to Rule 91 PCT on request to one of the international authorities competent to deal with the application.

If the competent authority refuses the request, the applicant may later seek to have the correction accepted by the designated or elected Offices, whose requirements may be more favorable.

49. Applicants who decided to adopt such a course with regard to the European designation should take into account the principles developed by the EPO Boards of Appeal[32] concerning the correction of errors under Rule 88 EPC and, in particular, the obligation to ensure that third parties are informed. To the latter end they should submit the request for correction sufficiently early for the nature of the requested correction to be mentioned in the European publication if the request is still pending.

It is accordingly recommended that the possibility provided for in Rule 91.1(f) PCT, of requesting that the refused request be published with the international application, be invoked. On transition to the regional phase before the EPO as designated or elected Office, the request will not be considered automatically by the EPO. For that to happen, the applicant must file a request under Rule 88 EPC mentioning the request filed during the international phase. If the international application has not been published in one of the EPO official languages, the applicant must include in the translation filed with the EPO as designated or elected Office a translation of the request published with the international application.

IV. Summary and Conclusions

50. There is a high degree of compatibility between the structure of the European patent grant procedure and the PCT procedure.

51. The results of the international procedure form a sound basis as regards the Euro-PCT designation for making a considered decision on whether to go ahead with the regional phase before the EPO as designated or elected Office:

(a) The international search takes the place of the European search where the EPO, the Austrian Patent Office or the Swedish Patent Office have been the International Searching Authority.

(b) The international search gives rise to the drawing up of a supplementary search report in all other cases; the European search fee is then reduced by 20%.

(c) Where it has been carried out by the EPO, the international preliminary examination usually corresponds, in the case of applications not involving specific difficulties, to the substantive examination within the EPO Examining Division which is carried out by one of the examiners in the Division. In such cases the examination fee provided for in Article 94(2) EPC is reduced by 70%. In all other cases, the examination fee is payable in full, since the EPO as elected Office normally carries out a substantive examination involving just as much work as for a European direct filing, on the basis of the international search report and, where applicable, the supplementary European search report.

52. From the relaxation of some of the initial more severe provisions of the PCT and EPC concerning losses of rights incurred by failure to observe time limits and from the principles developed by the EPO Boards of Appeal it can be concluded that, by and large, the Euro-PCT applicant enjoys tbe same legal safeguards, and in some respects is even better off than applicants who file their application by the direct European route.

Table 1

General Picture of European and PCT Filings

Year	1980	1981	1982	1983	1984
European direct filings	17,505	22,428	25,328	28,132	33,092
PCT filings	3,539	4,606	4,675	4,971	5,719
PCT filings designating EPO (Euro-PCT) (number and percentage)	2,688 75.9%	3,070 66.6%	3,639 77.8%	3,982 80.1%	4,258[1] 74.4%
Aggregate European and Euro-PCT filings and Euro-PCT percentage	20,193 13.31%	25,498 12.04%	28,967 12.56%	32,115 12.40%	37,350[1] 11.40%

[1] Provisional figure (as at November 30, 1984).

[32] Cf. in particular Decisions of the EPO Boards of Appeal J 03/1981, *OJ EPO* 3/1982, pp. 100 *et seq.* and J 12/80, *OJ EPO* 5/1981, pp. 143 *et seq.*

Table 2

International and European filings for 1984 by Country of Origin

Country of Origin	PCT Filings Number and %[1]	European Filings Number and %
	[2]	
Austria	48/(44/4); 0.84%	342; 1.04%
Belgium	28/(24/4); 0.49%	280; 0.85%
Switzerland/ Liechtenstein	247/(203/44); 4.32%	1,593; 4.81%
Germany, Fed. Rep. of	547/(281/266); 9.56%	7,966; 24.07%
France	315/(310/5); 5.50%	2,946; 8.90%
United Kingdom	454/(450/4); 7.94%	2,450; 7.41%
Luxembourg	1/(0/1); 0.02%	47; 0.14%
Netherlands	61/(41/20); 1.03%	1,060; 3.20%
Sweden	480/(476/4); 8.39%	489; 1.48%
	[2]	
Total for States party to both PCT and EPC	2,181/(1,829/350); 38.13%	17,173; 52.90%
Austria	274; 4.79%	120; 0.36%
Brazil	6; 0.10%	2; 0.02%
Denmark	121; 2.12%	100; 0.3%
Finland	96; 1.68%	59; 0.18%
Hungary	56; 0.98%	65; 0.20%
Japan	621; 10.85%	4,845; 14.64%
Republic of Korea	10; 0.17%	1; –
Norway	59; 1.03%	28; 0.08%
Romania	2; 0.03%	0; –
Soviet Union	60; 1.05%	0; –
United States	2,233; 39.06%	8,833; 26.69%
Total	5,719; 100%	31,226; 94.36%
European filings from non-PCT countries[3]		1,866; 5.63%

[1] Number of originals received by the International Bureau; no international applications were filed with the receiving Offices of or competent for the following PCT States in 1984: Bulgaria, Cameroon, Congo, Gabon, Madagascar, Malawi, Mali, Mauritania, Monaco, Central African Republic, Democratic People's Republic of Korea, Senegal, Sudan, Sri Lanka, Chad and Togo; furthermore the PCT came into force for Barbados and Italy on March 12 and 28, 1985, respectively.

[2] The figures, in the order given, represent the total number of PCT filings from the country of origin concerned, the number of filings with the national Office and with the EPO as receiving Office; the percentage indicates the proportion of all PCT filings (5,719) accounted for by total filings from the country of origin concerned.

[3] Including Italy, an EPC Contracting State for which the PCT entered into force on March 28, 1985 (number of filings for 1984: 1,066).

Table 3

Requests for Examination under Article 94 EPC Filed in Respect of European Applications and Euro-PCT Applications

Year of Filing[1]	1980		1981		1982		1983 January to June	
Applications	Eur.	Euro-PCT	Eur.	Euro-PCT	Eur.	Euro-PCT	Eur.	Euro-PCT
	17,505	2,688	22,428	3,070	25,328	3,639	13,751	1,926
Requests for examination (Number	16,102	1,709	20,105	2,014	21,963	2,460	10,263	1,326
and %)	92.0%	63.6%	89.6%	65.6%	86.7%	67.6%	74.6%	68.9%

[1] Requests for examination filed in or after the year in question and relating to applications filed during the year in question. The figures are provisional (source: *EPO 1984 Annual Report*, Part II, Fig. 10, "Requests for Examination").

Table 4

Analysis of the Grant Procedure[1]

Year of filing of applications	1979		1980		1981	
	Eur.	Euro-PCT	Eur.	Euro-PCT	Eur.	Euro-PCT
Number of applications filed for examination[2]	9,878	315	15,857	1,077	19,866	1,620
Number of refusals (Number and %)[3]	365	11	542	44	219	36
	3.7%	3.5%	3.4%	4.0%	1.1%	2.2%
Withdrawals (Number and %)[3]	1,372	61	2,127	227	1,773	252
	13.8%	19.4%	13.4%	21.0%	8.9%	15.5%
Granted patents (Number and %)[3]	7,635	215	10,142	611	6,476	574
	77.3%	68.2%	63.9%	56.7%	32.6%	35.4%
Patents pending (Number and %)[3]	506	28	3,046	195	11,398	758
	5.1%	8.8%	19.2%	18.1%	57.3%	46.8%

[1] As at September 26, 1984.

[2] This figure does not represent the total number of European and Euro-PCT applications filed during the year in question for which the request for examination under Article 94 EPC has been validly filed.

[3] Calculated on the basis of the number of applications forwarded for examination.

Table 5

Periods for Completing the Steps Initiating the Regional Phase Before the EPO Acting as Designated or Elected Office (Articles 150, 153 or 155 and Rule 104b EPC)[1]

Steps	Periods	
	EPO, designated Office	EPO, elected Office
Translation of the Euro-PCT application (Art. 22(1) or 39(1) PCT and 158(2) EPC)[3]	20 months[2]	30 months[2]
Written request for examination (Art. 94(2) in conjunction with Art. 150(2) EPC)[4, 3, 5]	6 months from publication of the international search report under Art. 21 PCT	30 months[2]
Fees (Rule 104b EPC)[6, 3]: – national – designation for each designated State[7] – search[8] – for the 11th and each subsequent claim	21 months[2]	31 months[2]
Renewal fee payable for the 3rd year of the Euro-PCT application (Art. 86 and Rule 37 EPC)	the last day of the month containing the anniversary of the date of filing of the Euro-PCT application in the year of filing +2, but before expiry of the following time limit: 20 months[2]	30 months[2]

(continued)

Appointment of a representative (obligatory if the applicant has neither his residence nor his principal place of business in an EPC Contracting State) (Art. 133 EPC)	the date the first step required before the EPO is performed[9]	
Designation of the inventor[10, 11]	20 months[2]	30 months[2]
Priority document[12]	20 months[2]	30 months[2]
Translation of priority document[13, 11]	21 months[2]	30 months[2]

[1] For more details, see point 43 and footnotes 29 and 30.

[2] From the priority date of the Euro-PCT application within the meaning of Article 2(xi) PCT.

[3] Re-establishment of rights under Article 122 EPC applicable.

[4] Two-month period of grace subject to a surcharge under Rule 85b EPC applicable.

[5] The examination fee is reduced by 70% if the international preliminary examination report has been drawn up by the EPO as IPEA (Article 12 of the EPO's Rules relating to Fees).

[6] Two-month period of grace subject to a surcharge under Rule 85a EPC applicable to payment of these fees (except claims fee).

[7] Only one fee is payable for joint designation of Liechtenstein and Switzerland.

[8] No search fee is charged if the international search report has been drawn up by the EPO, the Swedish Patent Office or the Austrian Patent Office, and a 20% discount is given if it has been prepared by one of the other International Searching Authorities (cf. point 32).

[9] Fees may nevertheless be paid by anyone (Article 7(1) EPO Rules relating to Fees; cf. Legal Advice from the EPO No. 6/80, *OJ EPO* 9/1980, p. 303 *et seq.*).

[10] Applicable only if the particulars concerning the inventor referred to in Article 17(1) EPC have not been supplied during the international phase.

[11] In default, the EPO invites the applicant to take the necessary action within a time limit prescribed by it.

[12] Applicable only if the applicant has not supplied the priority document during the international phase under Rule 17.1 PCT.

[13] Applicable only if the priority document is not in one of the EPO official languages (Article 88(1) EPC and Rule 38(4) EPC).

The PCT Route from the Point of View of a German Applicant

R. RAUE*

To examine in detail all the possible motives of a patent applicant would far exceed the framework of this paper, since applicants are indeed not a homogeneous group of persons. They may be natural or legal persons in the form of associations, enterprises or concerns. Their relationship to industrial property, particularly to patents, is determined by numerous factors, as, for example:

- the nature of their activities;
- their entrepreneurial aims;
- the sector;
- the products;
- the market position;
- foreign relations; and, last but not least,
- economic possibilities.

The decisive factor, however, is the relationship between cost and benefit. Whereas costs are relatively simple to determine, the benefit from patents is not so easy to prove. That benefit is certainly not limited—as frequently assumed all too easily—to license revenue but in fact primarily derives from the reinforcement of the patentee's market position in respect of competitors, suppliers, customers and licensees.

Naturally, those who make only the occasional invention for which they obtain protection but do not exploit themselves are less interested in patents and the patent system. That interest grows, however, in direct proportion to the immediate nature of the benefit a patentee can derive from his rights and to the degree to which his market position is threatened.

It can frequently be observed that automation has led in a growing number of sectors to excess production capacity with which demand on the market cannot keep up. This places the enterprise involved in a situation in which it must fight to obtain a larger share of the market, involving not only its direct competitors but also affecting the relationship between the patentee and his suppliers, customers and licensees.

One of the instruments in this struggle is constituted by innovation through research and development. Investment devoted to innovation is pointless, however, unless a corresponding market advantage can be obtained for a protracted period of time. In many cases, this is not possible without legal protection since today's technology permits most products to be copied with ease. Even where a certain amount of know-how is required, this is not sufficient in itself since know-how can rarely be kept secret. In its business relations with suppliers, customers and licensees, an enterprise is obliged to provide detailed information in respect of the manufacture, operation and utilization of its products. Even where corresponding contractual agreements are reached, it is not possible to guarantee real secrecy in such a situation. If an enterprise is to obtain a corresponding market advantage in return for its research and development investment and is to prevent its industrial achievements from being misused, it is obliged to obtain industrial property rights.

Figure 1[1] depicts the situation as described. The applicant, his competitors, suppliers, customers and licensing, and research and development partners all strive to exercise their activities on the free market and to achieve the biggest possible share of the market. Since the flow of information between them cannot be

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[1] All figures and tables appear at the end of the text.

prevented. access to the free market must be controlled by means of industrial property rights and/or agreements. Whereas agreements require the consent of the contracting parties and only apply to those parties, patents are effective, with rare exceptions, against all third parties.

A further means of achieving the necessary growth in production is to extend the national market to a regional or international market. For the applicant, this means that he must consider the possibilities of regional and international patent protection.

In view of this situation, it is easy to understand that enterprises that have devoted large amounts of money to the development of their products are keen to obtain as much protection as possible for the results of their development work and for their products. This justified wish for protection is diametrically opposed, however, by the growing costs of obtaining adequate protection.

To begin with, let us once more consider the increased need for protection in relation to earlier years. The cost of research and development continues to rise while the adoption of the unprotected results of outside development is becoming ever easier. Additionally, high development costs demand large production quantities, which again demand large-scale international markets. The result is that more inventions have to be filed for patents, and parallel patents have to be applied for in a larger number of countries.

In addition, the costs of obtaining and maintaining patents have risen considerably in recent years in most of the industrialized countries. Figure 2 shows the qualitative consequences for a German industrial enterprise. Following the introduction of deferred examination, and the additional fees to which it led as a result of the change in the grant procedure in 1964, the procedural costs leapt upwards in the Netherlands. The fact that numerous patent offices followed this example meant that the process repeated itself in subsequent years in other important industrialized countries. This does not even taken into account the increases that have resulted from inflation.

Figure 2 shows a further factor that influences the increasing costs, namely, the lowering of the level of inventive step required to obtain protection under the German patent-granting procedure. This is only represented qualitatively and it is possible that subjectively some applicants may see it differently. Nevertheless, it can be claimed that a low level of invention, although to be welcomed for the protection of industrial activities at the lowest level, obliges enterprises to apply for more patents, particularly in Germany as a result of the Law on Employees' Inventions.

Since even wealthy enterprises will find it pointless, for reasons of cost, to file all inventions in all countries, a careful selection of the various possibilities must be made. The criteria for making this selection are specific to the individual applicant. They depend on the technical and economic importance of each invention for the applicant. In addition, the technical and legal infrastructure of the country concerned influences the decision since patents that are difficult or even impossible to enforce have a low value.

The breakdown of an enterprise's turnover according to sectors, groups of products and export countries provides important material for making the right decision. It would be necessary to determine, as a function of the exports and also the manufacturing locations of its competitors, customers and so on, the countries in which patent applications are to be filed for inventions that affect the enterprise's essential groups of products. To take the example of an enterprise supplying the car manufacturing industry, the countries to be considered, in view of their obvious EEC market activities, would be the important Community Member States, Germany (Federal Republic of), France and the United Kingdom. In addition, consideration could be given to Sweden as a European non-EEC country, to the United States of America as an important motor vehicle manufacturer of North America, as well as to Japan and to important countries in Eastern Europe and South America, e.g., the Soviet Union and Brazil.

What are the present possibilities of obtaining patent protection in those countries? Figure 3 shows the various application procedures. Previously there was only one feasible route, which indeed still exists. Following that route, a basic application can be deposited exclusively with one national patent office, for instance in the Federal Republic of Germany. For a period of 12 months there remains the possibility of applying for national patents in other countries for the same invention by claiming the priority of the basic application. Examination and grant, as well as the maintenance of the patent, take place at the national patent offices.

Following the creation of the European Patent Office and the entry into force of the European Patent Convention, it is now additionally possible to have the application, examination and grant of a patent processed by one single patent office, that is to say, the European Patent Office, in respect of 11 European countries. After grant, the national patent offices assume the maintenance of the patents transmitted to them.

The Patent Cooperation Treaty has opened up a further possibility of filing national and/or regional patents in respect of 39 countries with a single national or regional patent office. The application procedure, the search and, in some cases, the international preliminary examination are carried out jointly for the participating countries. Only after those procedures have taken place will the national or regional patent offices begin examining PCT applications, which have the effect of national or regional applications, and process them as described above.

Simplified estimates and comparisons of costs have been made for eight of the above-mentioned countries

that may be taken into consideration, as set out in Tables I to III and in the graphic representation in Figure 4. The exercise was based on a patent application comprising 12 pages of text (3,000 words) and three sheets of drawings. It should nevertheless be remembered that the official fees and the agent's fees for processing an application vary greatly depending on the applicant and on the agent and also on the degree of difficulty of the application. Assuming, however, for our comparison of application routes that the same invention (same degree of difficulty) and the same agents are involved, we obtain a result that is accurate enough to enable various conclusions to be drawn.

If the costs of the application in question up to final grant are considered, it will be seen that they lie within a margin of some 10%. This surely provides no sufficient argument, in view of the imponderables, to decide in favor of a given procedure.

Essential differences exist, however, in the dates on which costs must be incurred and in the bases that become available for making the decision. If national applications are filed for all eight of the chosen countries, general practice is indeed that 50% of the total costs already become due and must be paid by the time of filing the individual national applications, that is to say, up to 12 months after the basic application (line 1 in Figure 4 and Table I). The 12-month period is too short as a rule for new and decisive factors of a technical nature to occur in development or to arise, from a patent law point of view, in the examination procedure during the period between the basic application and the subsequent application.

The situation is somewhat more favorable if the patent-granting procedure is initiated along the regional route as shown in line 2 of Figure 4 and in Table II for four European countries. Here again, however, the initial costs are still relatively high. Likewise, the bases for making the decision are not available at the time of filing the application.

On the other hand, the PCT procedure, as shown in line 3 of Figure 4 and in Table III, combined with the regional patent-granting procedure of the European Patent Office, extends, after reasonable initial costs, the time limit for making the decision by some eight months and, in the case of a preliminary examination, by some 18 months. By the time the date for making the decision has arrived, an international search report or an international preliminary examination report is already available. In the case of a PCT application filed in Europe, this report is generally produced by the European Patent Office. This basis for decision normally enables the likelihood of grant and the scope of protection to be determined in advance with considerable certainty, at least for the European patent-granting procedure, and therefore applications can be withdrawn or, perhaps, their number can be reduced on a reliable basis, without as yet incurring major costs. For those applications that have a high chance of succeeding, the investment of the higher remaining costs is altogether justified.

At the same time as improving the basis for a decision from a patent law point of view, the basis for making a decision from the technical and economic points of view improves as development time progresses. With intensive effort, it is frequently possible to assess the technical and economic feasibility of a concept after some 30 months of development.

The graphic representation in Figure 4 shows clearly that the costs for the eight envisaged foreign patents still remain, at that point in time, below the expenditure for corresponding national applications after 12 months. The true savings are thus obtained from the fact that applications that have no hope or are no longer of interest do not need to be further pursued. The step-wise jump in costs for each phase in the procedure incites the applicant to plan ahead and to make reasoned cost decisions.

A further advantage of the Euro-PCT procedure is that for a considerable period of time the applicant needs to pursue only one single procedure in his own language, which means that the clerical processing can be automated to a great extent since the formal requirements are standardized.

Since the wording of the application drafted in the applicant's own language has the effect of a national application, no problems of disclosure on account of erroneous translations or changes in the technical logic that can occur during processing will arise for the applicant in the subsequent national granting procedure. The applicant's intention, and the way he has expressed it in his own language, is the basis for all national granting procedures and he can refer to it at any time should the translation prove to be defective in the subsequent examination procedure. Only two of the 39 PCT countries constitute an exception to this case. In Japan and in the Republic of Korea, the translation cannot be corrected after expiry of 20 months from the priority date.

Although differences do exist in the various countries in the preparation of claims and application documents, the necessary adaptations can be made quite simply during the granting procedure if the disclosure in the original application is adequate and correct. It must be quite clear of course to the applicant that even in the case of the exising national application procedures, insufficient disclosure or poor formulation of the basic application leads to considerable problems in the subsequent application procedures.

Even where the applications are extraordinarily well drawn up, amendments cannot generally be avoided during the examination procedure. It may therefore be necessary, and indeed even useful, for the applicant to familiarize himself with the most stringent disclosure requirements of the countries in which he envisages obtaining protection and to observe those requirements when drawing up the basic application. This is no insur-

mountable obstacle but simply constitutes a reasonable adaptation of application practice to the standardization of the international patent systems.

Conclusion

The interests of patent applicants are not sufficiently uniform for a generally valid rule to be stated for the filing of applications. For those applicants who pursue an active patent policy and must therefore regularly make decisions on numerous foreign applications, the Euro-PCT route is to be recommended, that is to say, a PCT application that designates the European Patent Office.

The following major grounds advocate this route.

The PCT member States comprise practically all the industrialized countries of any size, which, as a result of the harmonization of their legal bases and, in some cases, of their long tradition, possess a sufficient legal and technical infrastructure, thereby giving a great probability of protection rights being enforceable in those countries.

The costs for the grant procedure are relatively low to begin with when compared to the large possibilities provided for patent protection. They become due in a step-wise fashion after each phase in the procedure so that it is therefore worthwhile making cost decisions.

Search reports and preliminary examination reports relevant for making patent law decisions become available by the time each decision has to be made.

The time when decisions must be made is late enough after the priority application to make it probable that new technical and economic bases for decisions will also be available.

Finally, the grouping of applications and, in some cases, of the examination procedures, means that patent applications are processed in a procedurally economic way.

All these factors mean that the PCT route offers considerable advantages to the user.

Figure 1

Exchange of Information and Exploitation of Know-How on the Free Market

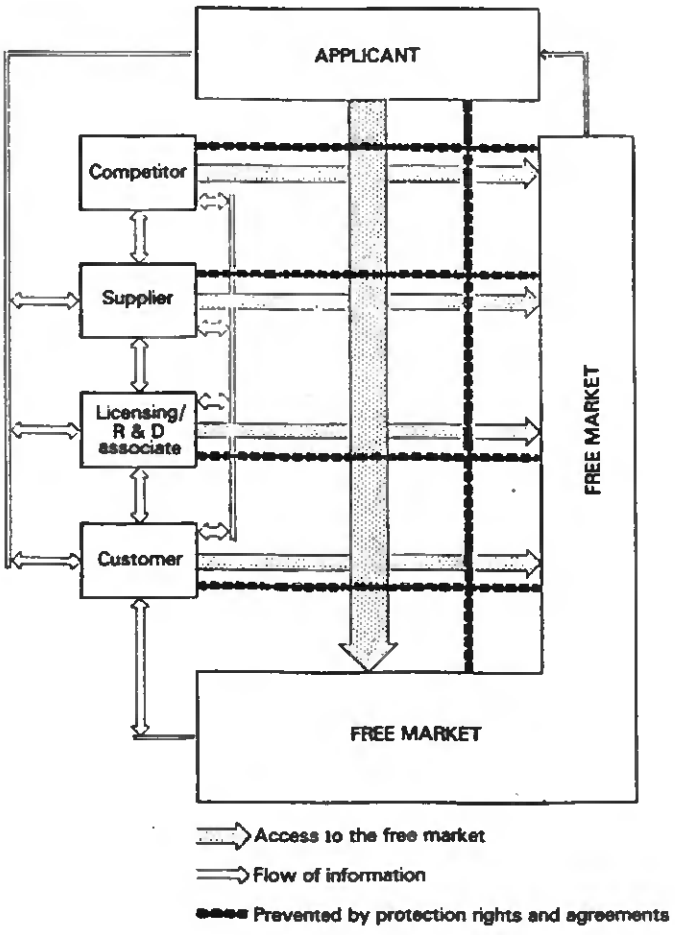

Figure 2

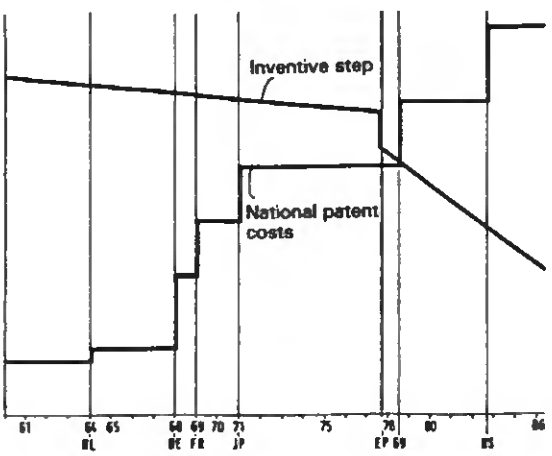

Figure 3

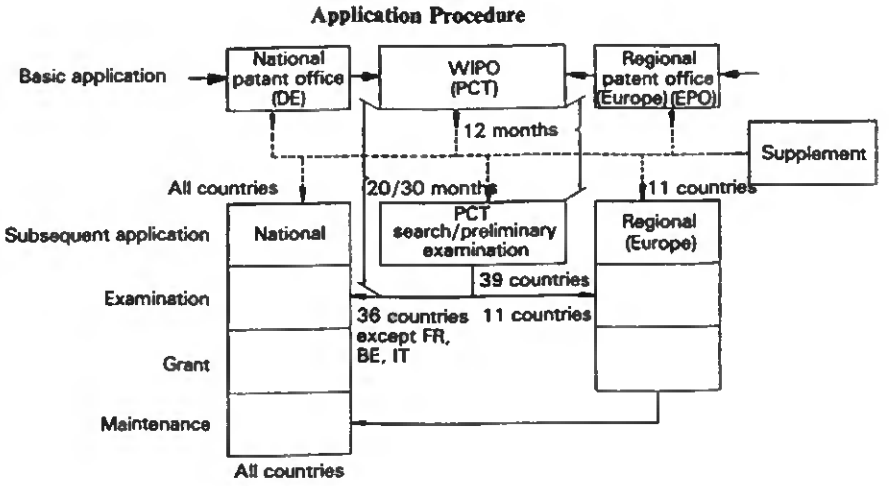

Figure 4

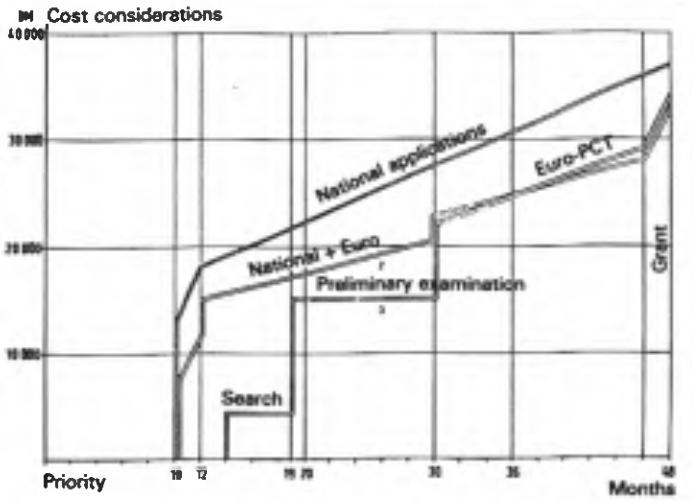

Table I

Cost Summary (national applications only) (in DM)

Assumptions: Patent application with 12 pages of text = 3,000 words and 3 sheets of drawings;
States: Germany (Fed. Rep. of), France, United Kingdom, Sweden, Brazil, Japan, Soviet Union, United States of America (8)

National application procedures	
Germany, Fed. Rep. of	700
France	4,600
United Kingdom	4,800
Sweden	4,500
Brazil	4,100
Japan	5,800
Soviet Union	3,500
United States of America	9,000
Total costs	37,000

Approximately 50% of the total costs are due on filling of the application some 10-12 months after priority date (18,500).

Table II

Cost Summary (national and European patent applications) (in DM)

Assumptions: see Table I

States: EP (Germany (Fed. Rep. of), France, United Kingdom, Sweden), Brazil, Japan, Soviet Union, United States of America

Type of cost	13 Months	20 Months	30 Months	48 Months	
Application fee	560				
Search fee	1,790				
Designation fee 4 x 280	1,120				
Examination fee			2,120		
Granting fee				460	
Printing costs 15 x 13				195	
National phase					
Germany, Fed. Rep. of				100	
France				2,000	
United Kingdom				200	
Sweden				2,000	
Brazil		2,050		2,050	
Japan		2,900		2,900	
Soviet Union		1,750		1,750	
United States of America		4,500		4,500	
Total	14,670		2,120	16,155	
Rounded off	15,000		2,000	16,000	
Grand total					32,945
Rounded off					33,000

Table III

Cost Summary (PCT procedure (Euro-PCT)) (in DM)

Assumptions: see Table I

PCT designated Offices: EP (Germany (Fed. Rep. of), France United Kingdom, Sweden), Brazil, Japan, Soviet Union, United States of America (5)

PCT Chapter II treatment: Brazil, European Patent Office, Japan, Soviet Union (4)

Type of cost	13 Months	20 Months	30 Months	48 Months	
Basic fee	795				
Transmittal fee	185				
Priority document	32				
Search fee	2,095				
Designation fee 5 x 190	950				
Preliminary examination fee		2,120			
Handling and translation fee 3 x 245		735			
National phase					
Japan		3,000		2,000	
United States of America		5,000		3,000	
Brazil			2,500	800	
Soviet Union			2,000	1,000	
Regional phase (EP)			560		
Search fee (refunded)			–		
Examination fee (30% of 2,120)			636		
Designation fee			1,120		
Fee for grant				460	
Fee for printing (15 x 13)				195	
National phase after EP					
Germany (Fed. Rep. of), France, United Kingdom, Sweden				4,300	
Total	4,057	10,855	6,816	11,755	
Rounded off	4,000	11,000	7,000	12,000	
Grand total					33,483
Rounded off					34,000

Accessing the United States via PCT

W.S. THOMPSON*

Introduction

Foreign applicants have made little use of PCT as a method of filing patent applications in the United States. Such usage as has occurred seems for the most part to be limited to those urgent situations when filing decisions are made at the last moment, leaving inadequate time for translations, foreign agent handling, or international mailing. It is likely that some of the differences in U.S. law, as compared to Europe and Japan for example, have a deterring effect. Indeed one must use PCT in an informed manner but, when properly applied to the right category of cases, the system can be used to both reduce costs and enhance quality of the derivative U.S. and other foreign cases. Some of the considerations for using PCT as an access route to the U.S. will be discussed.

Paris Convention

For a basis of comparison, Figure 1[1] illustrates certain significant events when filing cases under the Paris Convention. The priority case in this example is assumed to be filed in a country having an 18-month early publication procedure or one of the countries selected for foreign filing has such a procedure. The numbers along the time line are expressed in months following the first priority filing. The major expense for all foreign filing cases is incurred prior to the 12-month point when translations, agent fees, and national patent office fees are due. Below the time line, there is indicated certain significant dates under U.S. law resulting from various procedural steps of patent application processing.

102(g) Priority Date

On filing the national priority case, a date is established under 35 USC 102(g) which can be used to claim a date of invention. Since the U.S. is a first-to-invent rather than a first-to-file country, it is important to have an early date of invention to succeed over others who might have filed and claimed the same invention. This is particularly important for the foreign applicant who usually has not performed other acts of conception, making and developing the invention in the United States, which acts may be used to establish an earlier date of invention. However, whether one is using the Paris Convention or PCT, the first national filing is

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[1] All figures and tables appear at the end of the text.

likely to be the same so that this date is not affected hy the method of filing.

102(e) Prior Art Date

On filing a U.S. national case under the Paris Convention, one contingently establishes a prior art date. The date is contingent on the subsequent grant of a U.S. patent. The difference hetween a prior art date and a priority date is that a prior art date may be used to negate novelty in another patent whether or not the same invention is being claimed. However, inb view of the U.S. first-to-invent theory of invention and one-year grace period, it is possible for one filing a later application to show hy prior acts of conception, making and continuous development work with respect to his invention in the U.S., that the effect of the 102(e) prior art date may be set aside. Thus, the date is both rebuttable and contingent.

102(a) Prior Art Date

Since early national publication has been assumed, at 18 months the puhlication is given effect under 35 USC 102(a) as a publication which may occur anywhere in the world. The date is not contingent on the happening of a later event but has immediate effect. However, it too is rebuttable by a later applicant who can show earlier acts of invention in the U.S.

102(b) Statutory Bar

A statutory bar has ahsolute effect similar to ahsolute novelty laws in other countries. It is neither contingent nor rebuttahle. A later applicant is precluded from making a showing of earlier invention and must accept the prior art effect of a 102(b) date. Thus, for defensive reasons it is the most desirable of the various dates. The 102(b) statutory bar date is triggered hy the 18-month publication and takes effect on the lapse of one year's time.

Classic PCT

Figure 2 illustrates the use of PCT in the classic sense. The international case is filed near the 12th month from priority. Maximum allowahle times are utilized for WIPO publication (after the 18th month) and entry into the national phase (20th month currently for the U.S.—30 months for Chapter II countries). Under this procedure, the major patent costs are deferred 8 months for the U.S. and 18 months for Chapter II countries. While at this writing the U.S. has adhered to Chapter I only, the major U.S. patent bar associations have recommended adherence to Chapter II which provides a preliminary examination and defers entry into the national phase until the 30th month. Implementing legislation and advice and consent were submitted to Congress in the closing days of the 98th Congress (too late for action). However, these legislative initiatives were reintroduced in the 99th Congress early in 1985 with good prospects for passage. Consequently, the longer delay for those filing from Chapter II countries into the U.S. is near at hand.

The international PCT filing costs are incurred at the 12th month. These costs are variable depending on the number of PCT countries designated, but generally are less than the filing expenses of one country when a translation is involved under the Paris Convention. While there are some differences between countries, the PCT expenses are approximately in the $700 - $800 range which includes the transmittal fee, international basic fee, search and country (or region) designation fees. However, there are several cost offsets to consider which reduce or may even entirely offset the PCT filing cost. Some of the more significant cost offsets are:

1. Cost of Money

Deferral of the major foreign filing costs may be translated into a money value. A computation using the prevailing interest rate over the time period of the deferral for the estimated foreign filing costs will show a significant offset in the range of 10-30% of the PCT costs.

2. Case Attrition

A significant opportunity exists to cancel or reduce foreign filings before major foreign patent filing costs are incurred. Note that at about the 16th month the international search is received. If this search destroys or reduces protection to an uninteresting point, the foreign filings may he cancelled and the expense avoided. Moreover, the PCT case may be maintained under the control of the agent that prepared the priority case. He is usually the individual in closest contact with client or engineering groups responsible for development of the invention. If commercial interest has changed or the invention is replaced hy another approach, this fact can be reflected by cancelling or reducing foreign filings. Two U.S. companies have projected foreign filing reductions of from 20-25% based on this analysis. Even considerahly smaller foreign filing reductions can, hy themselves, more than offset the cost of PCT, particularly considering the multiple between foreign and national cases for a given invention and the cost of translations.

3. EPO Search Fee Reduction

If the EPO is a chosen region for filing under PCT, a search fee reduction of 20% is granted to reflect the international search. This reduction is computed on the basis of cost of the EPO search, currently DM 1,790. If this were compared, for example, against the cost of a Japanese international PCT search fee approximately two-thirds of the cost of the interna-

tional search fee would he offset or rehated. Moreover, if the international search was carried out hy the EPO itself, hy the Austrian Patent Office or hy the Swedish Patent Office, no European search fee is payahle at all.

Other savings are realized through procedural consolidations, the use of a common format, amending the case before entry into the national phase to provide less contentious prosecutions, and other indirect values. Taking these offsets into consideration and selecting cases on the hasis of those where the prior art is uncertain or the invention has not yet heen commercialized, can result in significant cost savings compared to Paris Convention filing.

One U.S. company predicted the effect of time on reduced filings hy selecting a sampling of cases filed during the first quarter of 1978 at which time the Paris Convention was the sole foreign filing procedure used (see Figure 3). The gross number of foreign cases filed at the 12th month was assigned a value of 100%. The reduction of cases was then plotted over nearly a five-year period which showed a mortality of over 50%. Cases were dropped on the hasis of prior art accumulated from worldwide prosecution. The prior art may not have indicated an absence of novelty hut may have reduced the availahle scope of protection to a point where the invention was not fully protected. An equal reduction was ohtained hy reassessing the commercial prospects over the period. In many cases, the development program had been terminated. In others the program was continuing, hut new and better ideas had replaced the invention. The data showed that nearly 25% of the cases could have been cancelled prior to the 20-month PCT Chapter I time period. Over 35% could have been cancelled within the Chapter II 30-month time period.

For this company, there is a lag period hetween the time that decisions could have been made with respect to cancelling a foreign filing decision and the time they were in fact made. Usually an external event, such as case review for annuity payment or encountering full novelty anticipation in the home country, provoked review and led to the decision to drop the case. Consequently, the data was replotted as illustrated in Figure 4 to indicate the earliest time a case could have been dropped hased on availahle prior art information and the earliest date the changed commercial prospects could have been known. This curve indicates how the company could have acted had fresh reviews been undertaken just prior to entering the national phase under PCT. Again, approximately 25% of the filings could be avoided under a Chapter 1 20-month procedure and nearly another 25% under Chapter II.

While different technologies and selectivity of filing practices will alter these results from user to user, the key ohservation is that closely monitored use of PCT could virtually eliminate low value foreign patent filing.

Classic PCT Difficulties

When accessing the United States, two difficulties of PCT should be considered. Referring hack to Figure 2, it will be noted that the first U.S. prior art date occurs at the 18th month when a 102(a) date is estahlished, hased on either a national or WIPO puhlication. This compares with the 12th month 102(e) prior art date under the Paris Convention procedure (Figure 1). The 102(g) priority date and the 102(b) statutory har remain the same for both procedures. One must assess the potential risk of this six-month delay in prior art effect since it increases the prohahility that a later applicant may be ahle to avoid the prior art by a showing of earlier invention. Note that when the U.S. adheres to Chapter II and the 102(e) date slips to the 30th month, it will have no effect on the above comparison since the 102(a) will remain operative for prior art effect.

A second difficulty is that the U.S. foreign correspondent is not ahle to amend the case before the U.S. case is filed, and then such amendments are limited to nonsuhstantive clarifications. This will initially appear as a major prohlem since the high U.S. disclosure requirements and requirement to describe the best mode of the invention required by 35 USC 112 often lead to suhstantial reworking of non-U.S. originated cases. However, PCT Rule 5 estahlishes a disclosure requirement equivalent to U.S. Section 112 and as one gains experience with this requirement, cases should be written in the first instance in the correct form. Such a development should go a long way towards resolving the foreign applicant's prohlems of compliance and resulting complexity of U.S. filing and prosecution. One is always better off to deal with U.S. Section 112 issues as early as possible and PCT will help develop the discipline to do so.

Early PCT Filing

Filing the PCT case early is an option which can be used to minimize or eliminate the difficulties of the classic system. Referring to Figure 5, the PCT international case is filed at the 3rd month after priority. The PCT case can be filed any time prior to the 12th month and can in fact be filed concurrently or first, with the home national case a designated filing under PCT. Since designation fees are not due until the 12th month, all the 39 Contracting States can be designated at the time of filing with a more defined selection of countries made at the 12th month. If PCT filing occurs prior to the 4th or 5th month, the international search will be produced hy the 9th month and can be taken into consideration prior to payment of designation fees and usually prior to any foreign filing decisions either within or outside the PCT community.

It is also possihle to request an early WIPO puhlication under the provisions of Article 21(2)(b) of the PCT Treaty. It is assumed in the example that such early puhlication is requested and timed to occur at the 12th

month. Approximately two months should be allowed from PCT filing date to earliest available publication date and a payment of 200 Swiss Francs is required. This action would provide a U.S. 102(a) prior art date at the same time as one acquired a 102(e) prior art date under the Paris Convention procedure. Moreover, the 102(b) statutory bar date would be advanced compared to the Paris Convention procedure to give the applicant a superior date position relative to later filed applicants. Obviously, an even earlier publication and 102(a) and 102(b) date effect may be obtained depending on time of election, national security requirements, and willingness to accept an early public disclosure.

As an interim measure, the procedure would also permit the international case to be edited prior to filing by the U.S. correspondent to insure compliance with U.S. disclosure requirements until such time as applicants developed confidence that they can reliably perform this task themselves. While such editing would involve earlier translation costs into the English language and agent's charges, the resulting case would be in suitable form for filing in the U.S., Canada, the U.K., Australia, and the EPO so that such costs could be amortized over several filings.

Miscellaneous Advantages

It will also be noted that PCT is a mechanism for obtaining deferred examination in the U.S. Currently, this only extends to 20 months but when the U.S. adheres to Chaper II, this will extend to 30 months. Since U.S. patent term does not start until date of grant, this procedure may be used to more closely align protection with commercial utilization. This may be of particular interest to chemical, pharmaceutical, and herbicidal inventions which cannot be utilized until various governmental approvals are obtained.

Greater control is exercised over the foreign case through the PCT time period by corporate patent departments, usually in their primary language. An amendment may be entered after the international search is received to put the multiple foreign cases in better condition for a less contentious prosecution.

Once a facility to use PCT is developed, last minute filing decisions can be effectively implemented virtually at the 11th month, 29th day.

Summary

While PCT may not be the preferred route to the U.S. for all cases, there can be significant advantages for properly selected cases and many of the perceived problems in U.S. practice may be overcome by properly strategizing the filing and utilizing the flexibility inherent in the system. Failure to seriously consider PCT as a filing option in each case where foreign protection is desired is simply not in the client's overall best interest.

Figure 1

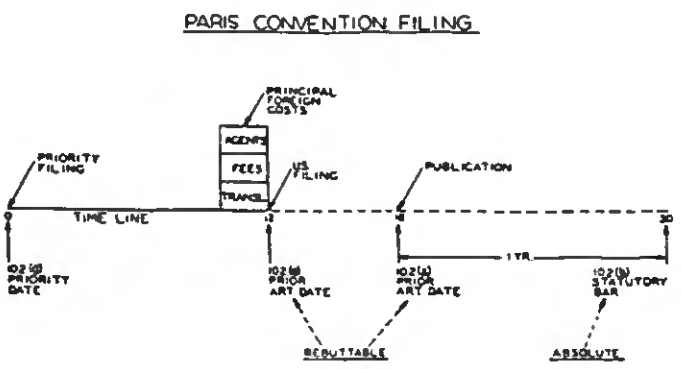


Figure 2

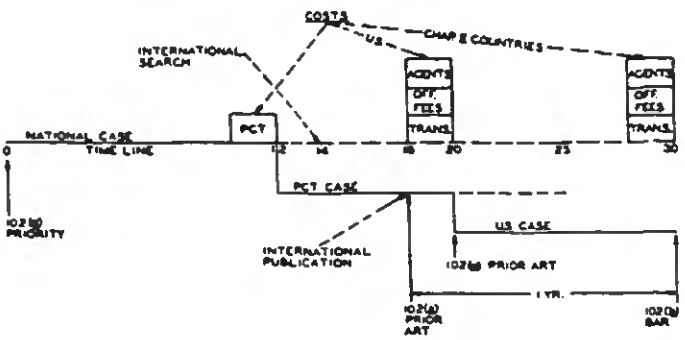


Figure 3

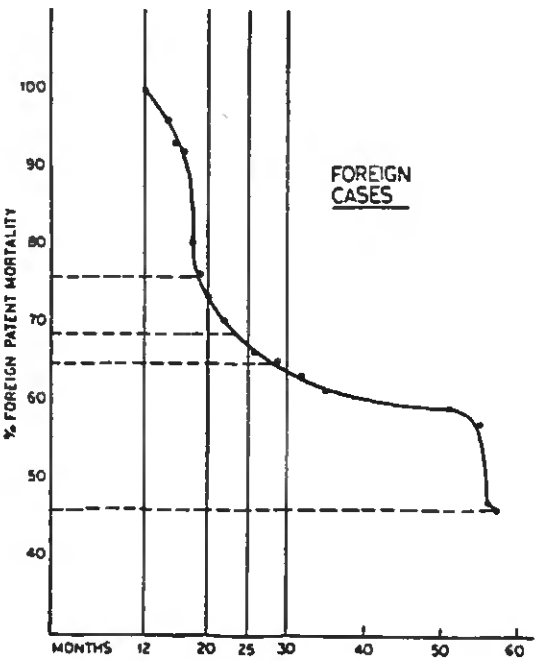


Figure 4

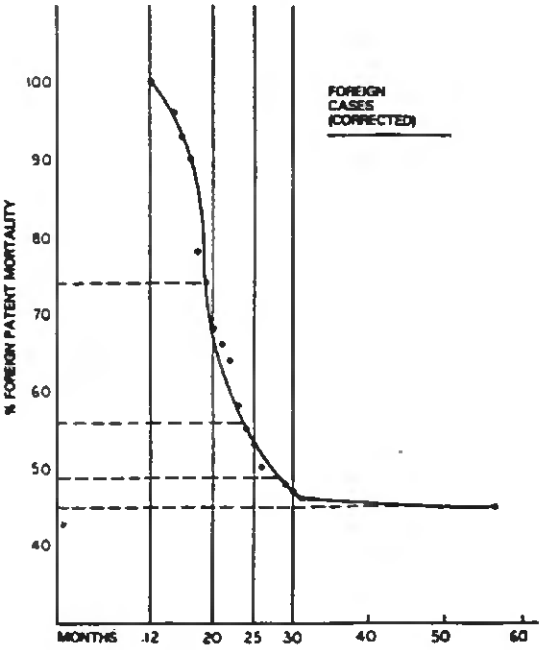
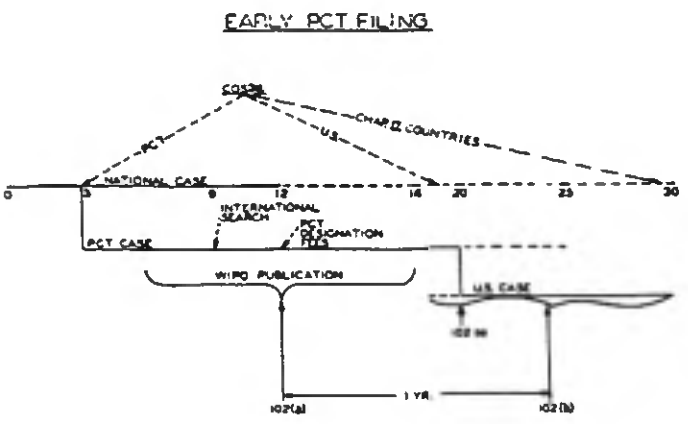


Figure 5



The Present Situation of the PCT System in Japan and its Prospects for the Future

M. TSUJI*

1. Preface

More than six years have passed since October 1, 1978, when Japan started receiving international applications. I would thus like to take this opportunity to describe my experiences in filing international applications under the PCT during this time.

2. History of the Patent Cooperation Treaty (PCT)

(a) At the Executive Committee of the Paris Union for the Protection of Industrial Property in September 1966, the United States of America noted that in any one country a considerable number of applications duplicated or substantially duplicated applications concerning the same inventions in other countries, thereby increasing the volume of applications to be processed, and that a solution to the difficulties attendant upon duplications in filings and examination would result in more economical, quicker, and more effective protection for inventions throughout the world, thus benefiting inventors, the general public and governments. Based on this proposal, BIRPI, predecessor to WIPO, prepared a draft version of the PCT and studies were undertaken mainly in countries having advanced patent systems. After several preparatory meetings, a diplomatic conference was held in Washington in 1970 to adopt the Patent Cooperation Treaty. On June 19, 1970, the Treaty was signed by 20 countries, including Japan. The PCT entered into force on January 24, 1978, with 13 countries party; one of the conditions that had to be met for the PCT to become effective was that the United States of America, Germany (Federal Republic of), Switzerland and the United Kingdom, which each receive an influential number of patent applications, had to have ratified the PCT. As of April 1985, 39 countries, including almost all the industrially advanced nations, had become party to the PCT. Italy joined the PCT (for European patents) with effect on March 28, 1985, so that all 11 countries of the European Patent Organisation have become party to the PCT. Therefore, it is possible to obtain patents through the PCT in all of the countries of the European Patent Organisation.

(b) The PCT has been in force for more than six years and the articles and rules thereof have been revised in harmony with the laws and regulations of the

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various Contracting States. The laws and regulations of the Contracting States have also been subjected to revision to adapt to the internationalization of patents.

The PCT Assembly held in Geneva in January and February 1984 adopted amendments to certain provisions in the Treaty and the PCT Regulations relating to procedural improvements in order, for example, to facilitate the administration of time limits and clarify and simplify the application process with a view to promoting the effective use of the PCT system.

Those changes became effective this year. The main revisions are as follows:

(1) approval for accepting the withdrawal of an international application, designation of States, and claims for priority through the receiving Office;

(2) addition of Spanish to the languages used in the PCT minimum documentation and international publications (this amendment will become applicable at the same time that the PCT will enter into force in respect of the country which, among Spanish-speaking countries, is the first to ratify or accede to the PCT);

(3) approval of filing additional arguments to the International Preliminary Examining Authority and extension of the period of an international preliminary examination;

(4) unification of the time limits for entering the national phase;

(5) extension of the time limit for entering the national phase in elected States; and

(6) clarification of requirements for entering the national phase, especially the requirements for the translation of an international application.

(c) The United States of America, which has entered a reservation in respect of Chapter II (International Preliminary Examination) of the PCT, is considering the withdrawal of that reservation in 1985.

3. Objectives of the PCT

(a) The PCT is a treaty established as a special agreement under Article 19 of the Paris Convention for the Protection of Industrial Property, and presents a new system while respecting the principles of the Paris Convention.

As stipulated in the Preamble to the PCT, the PCT has been established "to make a contribution to the progress of science and technology," "to perfect the legal protection of inventions," "to simplify and render more economical the obtaining of protection for inventions where protection is sought in several countries," "to facilitate and accelerate access by the public to the technical information contained in documents describing new inventions," "to foster and accelerate the economic development of developing countries through the adoption of measures designed to increase the efficiency of their legal systems, whether national or regional, instituted for the protection of inventions by providing easily accessible information on the availability of technological solutions applicable to their special needs and by facilitating access to the ever expanding volume of modern technology."

(b) It is said that the PCT has two major systems objectives.

The first is to establish an international filing system through cooperation in handling patent applications. This international filing system is based on the following three principal practices:

(1) an international application system in which the filing of a single international application has the effect of a simultaneous filing of applications in a plurality of countries;

(2) an international search system to search for the prior art in relation to claimed inventions; and

(3) an international preliminary examination system for examining the novelty, nonobviousness, and other requirements of claimed inventions.

The second objective is to centralize and spread technical information and to organize technical assistance based on the following practices:

(1) international publication; and

(2) organization of technical assistance with a view to developing the patent systems of developing countries.

4. History of the PCT in Japan

(a) Japan established a PCT Investigation Council in the Patent Office in 1967. In 1968, a PCT Committee was founded with the Director General of the Patent Office as its Chairman; a subcommittee for investigating technical problems was also set up under the PCT Committee. In preparation for joining the PCT, the Japanese Patent Law was revised in 1975 to introduce a multiple claim system as well as patents for new substances. In 1978, a bill relating to international applications based on the Patent Cooperation Treaty was prepared on the basis of the reply of the Council for Industrial Property of Japan (which was established as a subsidiary agency of the Patent Office, pursuant to the Ministry of International Trade and Industry Establishing Law, for the purpose of reviewing and discussing important matters relating to industrial property). That bill was approved by the National Diet in April 1978, thus perfecting the review and amendment of the laws and regulations of Japan in preparation for joining the PCT.[1]

The Japanese Patent Office began receiving international applications and acting as an International Searching Authority and International Preliminary Examining Authority on October 1, 1978.

[1] See Industrial Property Laws and Treaties, JAPAN—Text 2-001. The PCT entered into force with respect to Japan on October 1, 1978 *(Editor's note)*.

(b) To promote the use of the PCT system and, for the convenience of applicants, the laws and regulations of Japan were revised to adapt to the amendments made to the PCT system. It is again planned to review and amend the related laws and regulations in view of the amendments to the Treaty and Regulations effected last year. More specifically, the Council for Industrial Property of Japan reviewed amendments to the Patent Law upon request from the Japanese Government. As a result, the Council gave a "Reply regarding the amendments of the legal system according to the revisions of the PCT and a system for promoting the use of the PCT" on November 29, 1984. According to that Reply, the following amendments of related laws and regulations according to the PCT revisions will be made:

(1) unification of the time limits for entering the national phase;

(2) extension of the time limit for entering the national phase in elected States;

(3) extension to PCT applicants of the full benefits of Article 30 of the Japanese Patent Law concerning exceptions to lack of novelty of inventions;

(4) approval of the subsequent appointment of an attorney within a prescribed period of time in a procedure for submitting the translation of an international application filed by a foreign resident.

The Reply referred to how the system should be from the standpoint of promoting the use of the PCT as follows:

> "Although six years have passed since Japan became a Contracting State of the PCT, the existence and usefulness of the PCT system have not been well and widely known. It also appears that applicants feel uncertain about the system since its history is short. The PCT system can be of great advantage if the applicant designates many countries and can discontinue any subsequent procedure as a result of international search. However, each international application filed in Japan designates about five states on the average, a fact which prevents the PCT from proving its true merits."

Under those circumstances, the Council proposed that, in addition to the above-mentioned measures relating to the last PCT revisions in January and February 1984, the following new policies be adopted in order to vitalize the PCT system.

(1) enlightenment to create more use of the PCT system;

(2) introduction of selectability of International Searching Authorities, and international cooperation for developing countries;

(3) introduction of a measure for reducing the fee for a request for examination of an international application designating Japan;

(4) improvement of the system for receiving applications, e.g., allowing telecopiers to be used for filing international applications with the Japanese Patent Office; and

(5) introduction of a national priority system allowing the priority of an earlier Japanese application to be claimed in an international application designating Japan.

5. Progress of Domestic Applications, Foreign Applications and International Applications in Japan

(a) The number of patent and utility model applications filed in Japan from 1980 to 1984 is given in Table 1.[2]

The percentage of the number of patent and utility model applications filed in various countries to the total number of applications filed all over the world in 1982 is given in Table 2.

The trend in the number of patent and utility model applications filed in Japan from 1963 to 1984 is given in Table 3.

As is apparent from Tables 1 and 3, the average number of patent applications filed in Japan per year from 1980 to 1984, including utility model applications, was approximately 437,000, which is about twice that of 1971 (229,000). This figure amounts to more than 40% of the total number of patent applications filed all over the world, as is apparent from Table 2.

The reasons why the number of patent applications in Japan is so high as compared with other industrially advanced countries are as follows:

(1) an eager desire to develop high technologies;

(2) an orientation toward developing and improving commodities in order to cope with severe market competition;

(3) a wide variety of technical fields covered by many inventors;

(4) an insufficient patent administration system, including a search system in industry; and

(5) the relatively low cost for filing patent applications.

(b) The number of applications filed in foreign countries by Japanese applicants in 1982, except international applications under the PCT, is given in Tables 4a and b. Those tables show the trend of patent and utility model applications filed by Japanese applicants in foreign countries. As is apparent from Tables 4a and 4b, Japanese applicants file patent and utility model applications not only in industrially advanced countries but also in other countries all over the world.

The objectives of Japanese applicants who file patent and utility model applications in foreign countries are as follows:

(1) obtaining patents for sales promotion of commodities in foreign countries;

(2) manufacturing and selling commodities based on patents in foreign countries;

(3) selling technologies developed by the companies in foreign countries; and

(4) protecting patents or patented commodities from infringement by foreign competitors.

[2] All figures and tables appear at the end of the text.

As the international activities of Japanese enterprises become greater, the necessity of filing patent applications in foreign countries will further increase.

(c) The number of international applications filed in Japan is given in Table 5. The number of international applications filed in Japan from 1981 to 1983 remained almost the same. In 1984, however, the number of international applications received in Japan showed an increasing trend.

Scrutinizing the breakdown of the States designated in those international applications reveals that, just as in foreign applications under the Paris Convention, the United States of America accounts for half the total of designated States, while the United Kingdom, France and the other countries of the European Community are the next most frequently designated.

The number of international applications filed in Japan is about 6% as compared with the number of patent applications filed in foreign countries.

As is apparent from Tables 1, 2 and 3, the average number of patent and utility model applications filed in Japan per year reaches approximately 437,000, which means that most applications are filed in Japan. However, the number of international applications received in Japan is very low in comparison with the number of applications filed in Japan. In addition, the rate of filing foreign patent applications based on applications filed in Japan is low.

According to the statistics provided by WIPO in 1984, the average number of designated States per international application filed in selected industrially advanced countries, including Japan, is given in Table 6. As can be seen, the average number of designated States per international application filed in Japan is about 5.0, which is small in comparison with the average number in the other industrially advanced countries. For example, the average number of designated States per international application filed in the United States of America is 9.9, which results from the fact that many international applications filed in the United States of America designate various States all over the world, ranging from the industrially advanced countries, especially the European ones, to developing countries. In Japan, on the other hand, the average number of designated States per international application is only 5.0 because the PCT countries in which a Japanese wishes to obtain a patent are limited to the United States of America and the European States.

6. The Present Situation of the PCT in Japan

(A) Designation of States in International Applications

As is apparent from item 5, above, the number of States designated per international application filed in Japan is smaller than in other leading States party to the PCT because Japanese applicants designate only industrially advanced States, such as the United States of America and European countries, in most international applications. This, however, does not always mean that Japanese applicants wish to obtain patents only in those States. In fact, Japanese applicants have also filed many patent applications in Japan's neighboring countries, for example, the Philippines and Indonesia, under the Paris Convention and agreements between Japan and other countries. At present, however, even if Japanese applicants wish to obtain patents in the neighboring countries, they cannot designate those countries in international applications because most of them have not yet joined the PCT.

Japan has close relations with its neighboring States, including the Republic of Korea. For example, 2,699 foreign applications were directed to the Republic of Korea from Japan in 1982. Since the Republic of Korea joined the PCT in 1984, that country may now be designated in an international application. The Japanese Patent Office is an International Searching Authority and International Preliminary Examining Authority for the Republic of Korea; consequently, a considerable number of foreign applications to the Republic of Korea from Japan are expected to be filed under the PCT. Japanese applicants are expected to file many applications in the People's Republic of China, whose Patent Law entered into force on April 1, 1985. If this country joins the PCT, many of the applications directed from Japan to the People's Republic of China will also be filed under the PCT. In such case, it is expected that foreign applications will increasingly be filed under the PCT instead of under the Paris Convention. As a result of the accession to the PCT by neighboring countries, the number of designated States per international application will increase and the relative cost for filing an international application will be less than that required for filing a foreign application under the Paris Convention.

(B) International Applications

(a) Before the PCT system was introduced in Japan, all filings of foreign patent applications were made under the Paris Convention.

The Paris Convention requires an applicant to file an application in each of the countries in which the applicant wishes to obtain patents. The forum of patent applications to be filed in the countries party to the Paris Convention varies from country to country, and each country has different laws and regulations. In addition, all the application papers must be translated into the language of the country where the application is to be filed. Therefore, foreign patent applications require more time and are more burdensome as compared with those to be filed in Japan.

(b) At the time the PCT system was first introduced in Japan, it was thought that the PCT was difficult to understand because it was composed of many sophisticated regulations and, in fact, created an additional procedure at the international level compared with the conventional procedure for filing applications under the Paris Convention; hence, it was believed that the filing procedure would be more complex than the filing procedure under the Paris Convention. For these reasons, the PCT procedure was not acceptable to most of the conservative Japanese people.

However, some Japanese made a serious effort to study the PCT system, and as a result tbe merits of the PCT became slowly known among Japanese practitioners. At present, many Japanese applicants realize that their initial reaction was wrong and just a needless worry.

What then are the advantages of international applications for Japanese applicants?

In order to be accorded a filing date in a foreign country in which a Japanese applicant wants a patent to be granted through an international application, all he has to do is to prepare application papers that meet the minimum requirements stipulated in Article 11 of the PCT. When a Japanese applicant wishes to file an international application, the international application may be filed in the Japanese language with the Japanese Patent Office acting as a receiving Office. By designating a desired State or States in which patent protection is sought, from among the 39 States party to tbe PCT, the applicant can enjoy the same effect as he would enjoy if a separate application were filed in each desired State.

In following the procedure for filing an international application, a Japanese applicant is required to take into account Rules 5 (The Description), 6 (The Claims), 10 (Terminology and Signs), 11 (Physical Requirements of the International Application), and 13 (Unity of Invention). The "Guide to International Applications," published by the Japanese Patent Office, contains all the information necessary for the filing procedure. International applications can easily be filed by referring to this booklet, therefore.

The fact that the procedure for filing an international application can be carried out by using our own language overcomes a difficulty that has heretofore been involved in filing foreign patent applications in different languages. This advantage eliminates one of the reasons for Japanese applicants to be reluctant to file foreign patent applications. The geographical barrier experienced in filing patent applications in foreign countries is also removed since international applications can be filed in Japan.

The PCT filing procedure is thus quite convenient for applicants since, in filing patent applications under the Paris Convention, the applicant is required to be knowledgeable about the procedures of various countries, to be careful in preparing the requisitc documents for those respective countries and to give himself ample time in which to translate the application papers.

If an applicant wishes to file a patent application the priority period of which is about to expire, it is quite burdensome for both the applicant and his attorney if the application is to be filed under the Paris Convention. However, if an international application is employed, no such heavy burden would be imposed on the applicant and his attorney.

(c) In connection with the foregoing, the international filing procedure can be followed more easily if the applicant bas prepared a description that is good enough to be used as an international application at the time of filing a national application.

For the past few years, the Japanese Patent Office has arranged many meetings witb applicants and patent attorneys to give administrative guidance in preparing descriptions. The common problems raised in those meetings highlight the importance of the description.

The Japanese Patent Office advises applicants to employ the so-called "itemized patent description," which means that the contents of the specification of a Japanese patent application are itemized according to the following items:

(1) field of industrial utilization;
(2) prior art;
(3) problems to be solved by the invention;
(4) means for solving the problems;
(5) operation;
(6) embodiment(s); and
(7) advantages of tbe invention.

These itemized elements substantially correspond to items required to be described in the description of an international application.

Where applicants employ itemized patent descriptions in applications filed in Japan, therefore, any special effort required to write descriptions for filing international applications is either considerably reduced or eliminated entirely.

The Japanese Patent Office as a designated Office accepts international applications if they are in conformity with the provisions of PCT Rule 13 (Unity of Invention) even though there is somewhat of a difference between the concept of unity of invention as provided in the PCT and in the Japanese Patent Law. I believe that studies should be undertaken to make tbe concept of unity of invention as applied to Japanese patent applications approach tbe concept as provided in the PCT. When those efforts are successful, international applications will be easier to rely on, and the international value of Japanese applications will be increased.

Table 7 compares the provisions relating to unity of invention in tbe Japanese Patent Law with those of the PCT.

In Japan, even if an applicant files an international application including Japan as a designated State based

on a previously filed Japanese application and therein claims a priority based on the Japanese application, the effect of the priority is not admitted with regard to Japan.

The reply of the Council for Industrial Property issued in November 1984 indicated that Japan must introduce a system of internal priority. With the introduction of such a system, effects such as adding an improved invention to the original invention or reviewing formerly filed claims could be obtained.

(d) With respect to practice under the Paris Convention, if an application filed in a foreign country is no longer to be pursued, various fees already paid and efforts already expended are wasted. I have had such painful experiences in which, after a patent application was filed in a foreign country according to instructions from a client, the client told me that the application would not be required to be pursued for some reason, such as the unexpected discovery of pertinent prior art.

With international applications, however, that drawback is eliminated, and it is easier to make any recommendations to clients with respect to filing applications in foreign countries. An even more important advantage is that PCT practice has eliminated the problem of having to make last minute translations from Japanese into different foreign languagues when it is decided close to the end of the period of priority that patent applications should be filed in foreign countries. Applicants, patent attorneys, and colleagues in foreign countries can therefore make considerable savings in effort and cost under PCT practice.

Japan has a well-developed communications network like other industrially advanced countries such as European countries or the United States of America. Inasmuch as Japan has recently started accepting international applications sent via facsimile, we can now file international applications upon request by clients just before the period of priority expires. It is expected that international applications in English will soon be accepted by the Japanese Patent Office. When this becomes possible, more international applications will be utilized as applications to be filed in foreign countries.

(C) International Phase

(a) The PCT has detailed articles and rules about the procedure before entering the national phase in designated States following the filing of international applications. All an applicant has to do during the procedure is to see if his application is being processed in accordance with the rules.

For applications filed or to be filed in foreign countries under the Paris Convention, however, the applicant has to take the trouble to check by telex, facsimile, or the like, whether his applications have been received and duly filed by his attorneys in the foreign countries. In contrast, the receipt of international applications by the Japanese Patent Office as receiving Office can be checked directly by us and the use of patent attorneys is not so essentially required. The international application has the merit of being accorded a common filing date in the various countries in which the applicant wants to obtain patent protection. All actions taken regarding an international application at the international phase will be communicated to the applicant. Therefore, the applicant can follow the processing of his international application simply by checking the receipt of the application by the receiving Office (which can be done simply by taking the application papers to the receiving Office), by checking the receipt of the record copy by the International Bureau, by checking (through the receipt of a notice from the International Bureau) the communication of the international application by the International Bureau to the designated Offices, etc. The time limit within which a translation of the international application has to be submitted to each designated Office can easily be managed by setting a 20-month term, which is the normal period of time, from the date of priority.

(b) An international search report issued by the International Searching Authority is received about one year and three months following the priority date. If it is judged that the claimed invention is not patentable in view of the prior art cited in the search report, the money and effort required to submit a translation of an international application to each designated Office can be saved.

Where the claimed invention of an international application can be distinguished by way of amendment from the prior art cited by the search report, the claimed invention can be amended by filing an amendment in Japanese, which is effective in all designated States. Such an amendment sometimes permits a patent to be granted in every designated State without the need to file further amendments. Under the Paris Convention, however, the patentability of an invention can be judged in each country where an application has been filed and amendments for a claimed invention must therefore be made in all the respective countries.

In October 1982, the United States of America introduced a system for allowing applicants to select the United States Patent and Trademark Office or the European Patent Office (EPO) as the International Searching Authority. In view of the fact that an international application can be pursued while reviewing the results of an international search report, it is better, as a reliable source for judging the patentability of an invention, for a U.S. applicant to have a search report on the prior art from the EPO, particularly if the U.S. applicant has designated mainly European countries.

As mentioned before, once it is possible to file an international application in Japan in the English language, the EPO may be entrusted with the international searching operation. In that case, the applicant

will be furnished with a search report which is internationally reliable since it is the EPO that will have carried out the international search. In addition, since a search at the national phase in the EPO is not required, the cost for such search is not necessary.

(c) International preliminary examination may optionally be requested by an applicant. As a result of this examination, the International Preliminary Examining Authority produces a preliminary and nonbinding opinion on the unity, novelty, nonobviousness, and industrial applicability of the claimed invention.

The number of demands for international preliminary examination filed in Japan and other countries in 1984 is given in Table 8.

The number of demands for international preliminary examination filed in Japan from 1980 to 1984 is given in Table 9. The number of demands for international preliminary examination filed in Japan is considerably smaller than the number of international applications filed in Japan. It would be premature to conclude from those statistics, however, that the international preliminary examination system is not being effectively utilized since the inventor, the applicant, or the attorney entrusted is fully aware of the invention and thus can judge its novelty, nonobviousness, and industrial applicability once the prior art is revealed. If an appropriate judgment can be formed by the inventor, the applicant, or the attorney, it is not necessary to rely on the international preliminary examination.

The International Preliminary Examining Authority was originally established as an auxiliary means for obtaining a patent in a country with an insufficient patent system. If the neighboring countries of Japan join the PCT, Japanese applicants will be able to designate those neighboring countries with ease, and if the EPO acts as an International Preliminary Examining Authority for Japanese applicants, the international preliminary examination system will prove more attractive.

Where an inventor, applicant or attorney is unable to make a judgment as to patentability, or is uncertain about his judgment, and wishes to be provided with the opinion of an official authority before undertaking the procedure of furnishing a translation of the international application to each designated Office, the system of international preliminary examination should be utilized. From such a viewpoint, the international preliminary examination and the international search are believed to be important systems supporting the PCT.

The United States of America is planning to withdraw its reservation to Chapter II (International Preliminary Examination) of the PCT this year. The availability of international preliminary examination in the United States of America would lead to the development of the PCT system, and would be advantageous to applicants in the States party to the PCT.

According to the PCT as revised by the Assembly of the PCT Union in January and February 1984, the time limit within which to enter the national phase in elected States has been extended from 25 to 30 months from the priority date if international preliminary examination has been demanded within 19 months from the priority date. With this revision, international preliminary examination has been improved in that applicants are given a greater chance to utilize the system more effectively. It is accordingly expected that more demands for international preliminary examination will be filed in Japan.

Unlike applications under the Paris Convention, international applications under the PCT are advantageous in that applicants can determine whether or not their applications should be pursued after they have reviewed the results of international search reports and international preliminary examination reports, and therefore can judge the patentability of their inventions before the procedure in each designated State is started.

(D) Entering the National Phase

If an applicant wants to prosecute his application further in each designated State, he is required to undertake the procedure for entering the national phase. Like applications filed under the Paris Convention, an applicant has to pay fees and furnish a translation of the application. However, the PCT prohibits a designated State from requesting the applicant to meet requirements other than those stipulated in the Treaty and its regulations as to the form or contents of an international application.

According to the Paris Convention, the specification of a patent application has to be prepared in conformity with the requirements of each country. With the PCT, however, the description and claim(s) of an international application need only be translated into the official language of each designated State.

Even if a State has been designated as one in which a patent based on an international application is desired, the procedure for entering the national phase will not have to be undertaken, thereby saving the cost and effort involved, when the applicant no longer wishes to seek protection following a review of the results of the international search or international preliminary examination report at the international phase, or for reasons of his own. As a consequence, an applicant does not have to take the trouble to prepare a specification, which would be requested by each country under the practice of the Paris Convention. The procedure for filing applications in foreign countries is thus much easier to follow, and the applicant can save money and effort that would have to be spent on applications filed under the Paris Convention.

7. Conclusion

(a) As the activities of business enterprises become more and more international, it is of greater importance for applicants to be able to obtain patents in foreign countries as effectively and quickly as possible. As described above, the PCT provides a system for facilitating the acquisition of protection of inventions for nationals and residents of Contracting States. This system is designed to serve the purpose of saving duplicate costs and effort of applicants in filing applications in foreign countries and also the purpose of avoiding duplicate examinations in the patent offices in the countries party to the PCT. With 39 Contracting States, the PCT system is quite an effective means of obtaining patents in many countries for one invention.

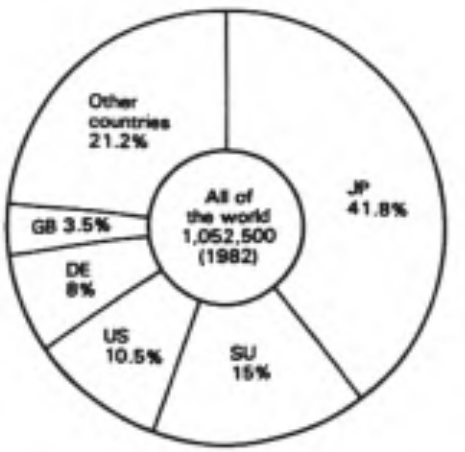
(b) At present, the PCT is limited to the saving of effort and costs for both applicants and patent offices in the Contracting States through the international unification of patent procedures. The PCT, however, will be truly effective only when the patent systems of various countries are unified as originally intended by the Paris Convention and the PCT. It is believed that this goal will be approached by improving the international search system and effectively utilizing the international preliminary examination system. It will not only be preferable for Japanese applicants but will also make a contribution to the further development of the PCT system when Japanese applicants can optionally elect, as International Searching Authority or International Preliminary Examining Authority, for instance the United States Patent and Trademark Office, the EPO, or the Japanese Patent Office, so that they can obtain a more advantageous search or preliminary examination report. From my experience, I can say as a minimum that the PCT procedure has greatly reduced the cost and effort that applicants are required to pay and make in filing patent applications under the practice of the Paris Convention.

Table 1

Year	Applications filed (in Japan)
1980	383,000
1981	417,000
1982	440,000
1983	460,000
1984	484,000

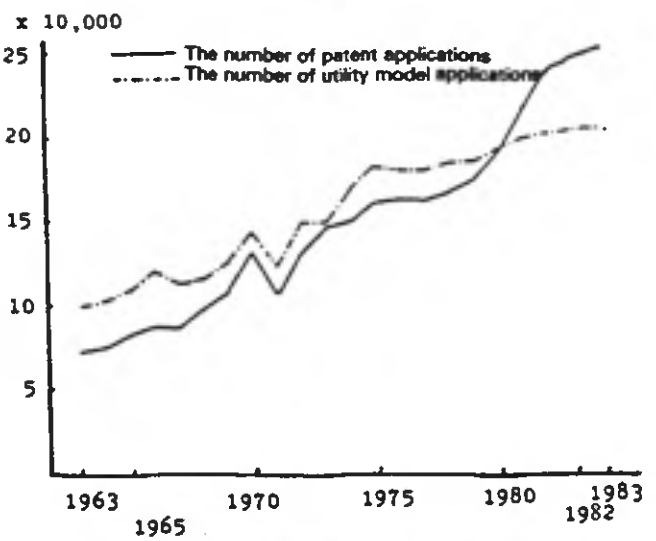
(These figures are based on data provided by the Japanese Patent Office.)

Table 2



(These figures are based on data provided by the Japanese Patent Office.)

Table 3



(These figures are based on data provided by the Japanese Patent Office.)

Table 4a

Patent Applications

Country	Number
* Australia	1,345
* Austria	183
* Belgium	194
Canada	2,446
Czechoslovakia	56
* Denmark	222
* France	1,848
German Democratic Republic	54
* Germany, Federal Republic of	5,407
* Italy	—
* Netherlands	470
* Norway	118
* Republic of Korea	1,760
South Africa	215
* Soviet Union	238
Spain	476
* Sweden	273
* Switzerland	388
* United Kingdom	3,617
* United States of America	16,068
Other countries	1,488
Total	36,866

(An asterisk * indicates that a State is party to the PCT.)

Table 4b

Utility Model Applications

Country	Number
Brazil	5
Germany, Federal Republic of	1,161
Portugal	1
Republic of Korea	939
Spain	90
Total	2,196

(These figures are based on data provided by the Japanese Patent Office.)

Table 5

Year	International applications filed in Japan	International applications designating Japan	International applications filed in the world
1978	70	125	687
1979	330	2,047	2,734
1980	334	2,773	3,958
1981	431	3,581	4,321
1982	479	3,665	4,713
1983	465	3,882	5,050
1984	633	4,482	5,733

(These figures are based on data provided by the Japanese Patent Office.)

Table 6

Country	Japan	United States of America	United King-dom	France	Germany, Fed. Rep. of	Soviet Union
Number	5.0	9.9	10.0	7.3	10.3	5.8

Table 7

The Japanese Pateot Law	The PCT
Section 2 (Definitions) "(1) 'Invention' in this Law means the highly advanced creation of technical ideas by which a law of nature is utilized." An invention, accordiog to the Law, coosists of an invention of a product, an iovention of a process, and an invention of a process of manufacturiog a product. *Section 38 (Unity of Invention)* "A patent application shall relate to a single inventioo. Provided, however, that eveo io the case of two or more inventions, the following inventions having the relationship indicated below with one such inventioo (hereinafter referred to as 'the specified inventioo') may be the subject of a patent application in the same request as the specified inveotioo: "(i) inventions which have, as a substantial part of their indispensable constituent features, the whole or a substantial part of the indispensable constitueot features of the specified inveotioo and which have the same purpose as the specified inveotioo; "(ii) where the specified invention relates to a product, inveotioos of processes of manufacturing the product, inventioos of processes of using the product, inveotions of machines, instruments, equipment or other devices for manufacturing the product, or inveotions of products solely utiliziog the specific properties of the product; "(iii) where the specified invention relates to a process, inventioos of machines, instruments, equipmeot or other devices used directly in the working of the specified iovention."	"*Rule 13 (Unity of Invention)* 13.1 *Requirement* "The international application shall relate to one inventioo only or to a group of inventions so linked as to form a single geoeral inventive concept ('requirement of unity of invention'). "13.2 *Claims of Different Categories* "Rule 13.1 shall be construed as permitting, in particular, one of the following three possibilities: "(i) in addition to an iodependeot claim for a given product, the inclusioo in the same ioternatiooal application of an independent claim for one process specially adapted for the manufacture of the said product, and the inclusioo io the same international application of an indepeodent claim for a use of the said product, or "(ii) in addition to an independeot claim for a given process, the inclusioo in the same international application of an independent claim for an apparatus or means specifically designed for carrying out the said process, or "(iii) in additioo to an independent claim for a given product, the inclusion in the same international applicatioo of an independent claim for a process specially adapted for the manufacture of the product, and the inclusioo in the same international application of an independent claim for an apparatus or means specifically designed for carrying out the process. "13.3 *Claims of One and the Same Category* "Subject to Rule 13.1, it shall be permitted to include in the same international application two or more indepeodent claims of the same category (i.e., product, process, apparatus, or use) which cannot readily be covered by a single generic claim. "13.4 *Dependent Claims* "Subject to Rule 13.1, it shall be permitted to include in the same international applicatioo a reasooable number of dependent claims, claiming specific forms of the inveotioo claimed in an independent claim, even where the features of any dependent claim could be considered as constituting in themselves an inveotion."

Table 8

State or Authority	Number
Australia	28
Japan	g
Soviet Union	3
Swedeo	140
United Kingdom	49
EPO	43
Total	271

(These figures are based on data provided by the Japanese Patent Office.)

Table 9

Year	Number
1980	61
1981	20
1982	8
1983	16
1984	8
Total	113

(These figures are based on data provided by the Japanese Patent Office.)

Calendar of Meetings

WIPO Meetings

(Not all WIPO meetings are listed. Dates are subject tn possible change.)

1985

July 8 to 12 (Geneva) — Committee of Experts on the Harmonization of Certain Provisions in Laws for the Protection of Inventions

September 11 to 13 (Geneva) — Permanent Committee on Patent Information (PCPI): Working Groop on Patent Information for Developing Countries

September 16 to 20 (Geneva) — Permanent Committee on Patent Information (PCPI) and PCT Committee for Technical Cooperation (PCT/CTC)

September 23 to October 1 (Geneva) — Goveroing Bodies (WIPO General Assembly, Conference and Coordination Committee; Assemblies of the Paris, Madrid, Hague, Nice, Lisbon, Locarno, IPC, PCT, Budapest, TRT and Berne Unions; Conferences of Representatives of the Paris, Hague, Nice and Berne Unions; Executive Committees of the Paris and Berne Unions; Committee of Directors of the Madrid Union; Council of the Lisbon Union)

October 7 to 11 (Geneva) — Permanent Committee on Patent Information (PCPI): Working Gronp on General Information

October 21 to 25 (Geneva) — Nice Union: Committee of Experts

November 4 to 30 (Plovdiv) — WIPO/Bulgaria: World Exhibition of Young Inventors and International Seminar on Inventiveness for Development Purposes (November 12 to 15)

November 18 to 22 (Geneva) — Permanent Committee on Patent Information (PCPI): Working Gronps on Special Questions and on Planning

November 25 to 29 (Paris) — Committee of Governmental Experts on Model Provisions for National Laws on Publishing Contracts for Literary Works (convened jnintly with Unesco)

November 25 to December 6 (Geneva) — Permanent Committee on Patent Information (PCPI): Working Gronp on Search Information

November 26 to 29 (Geneva) — Committee of Experts on Intellectual Property in Respect of Integrated Circuits

December 3 to 6 (Geneva) — Permanent Committee for Development Cooperation Related to Industrial Property

December 11 to 13 (Geneva) — Committee of Experts on the International Registration of Marks

UPOV Meetings

1985

July 8 to 12 (Cambridge) — Tecbnical Working Party for Vegetables, and Snbgronp

October 14 (Geneva) — Consultative Committee

October 15 and 16 (Geneva) — Meeting with International Organizations

October 17 and 18 (Geneva) — Council

November 12 and 13 (Geneva) — Technical Committee

November 14 and 15 (Geneva) — Administrative and Legal Committee

Other Meetings Concerned with Industrial Property

1985

September 2 tn 6 (Budapest) — Hungarian Group of the Internatinnal Association for the Protectinn of Industrial Property and the Hungarian Association fnr the Protection of Industrial Property: Sixth International Conference on "New Technical Tendencies and Industrial Property Protection"

September 16 tn 18 (Geneva) — International Associatinn fnr the Advancement nf Teaching and Research in Intellectual Property: Assembly and Annual Meeting

September 24 tn 27 (Strasbourg) — Center for the International Study nf Industrial Property: Seminar on Transfer of Technology (second module: Strategy and Procedures for the Transfer nf Technology)

September 27 and 28 (Wiesbaden) — International League for Competition Law (formerly International League Against Unfair Competition): *Journée d'études*

October 10 and 11 (Harrogate) — Pharmaceutical Trade Marks Group: 31st Conference on "Generic Prescribing — 12 Diverse but Authoritative and Informed Viewpoints"

1986

June 1 to 4 (San Diego) — The United States Trademark Association: Annual Meeting

June 8 to 13 (London) — International Association for the Protection of Industrial Property: XXXIII Congress