

WIPO MOVES TOWARD “WORLD” PATENT SYSTEM

GRAIN

July 2002

For quite some time, people have wondered about the possibility of having one patent system for the whole world. In other words, one bureau issuing “world patents” which are automatically valid in all countries. Such a system would replace the current situation where each country has its own laws, own patent office and own courts -- all of which have to be dealt with separately if you want your patent to have effect in more than one country. A unified world patent system has always seemed a very far off idea, an Orwellian mixture of dream (e.g. for global corporations, which get a “one-stop shop” to deal with) and nightmare (e.g. for local patent lawyers, who lose their jobs). In reality, the frame of such a system is starting to emerge.

Around the turn of this century, the World Intellectual Property Organisation (WIPO), a United Nations body mandated to promote intellectual property rights, started putting the pieces into place. The new system would take some time to complete, if indeed it pushes through, but it would totally revolutionise intellectual property systems as we know them today.

1. THE BUILDING BLOCKS

WIPO is currently working on three primary building blocks for a new world patent system.

1.1 A uniform set of procedures

The first component was actually put into place in June 2000, when the WIPO member states adopted the Patent Law Treaty (PLT). This treaty harmonises the formalities that patent offices undertake to administer patent applications. It defines one set of rules on how to prepare, file and manage patents in all the countries that sign on. The PLT is not in force yet, because 40 governments have not yet ratified it.

One of the controversies in the negotiation of the PLT was whether or not disclosure of the country of origin of genetic material or traditional knowledge, and proof of prior informed consent in their acquisition, would be required. These issues were brought into the discussion by developing countries, which are searching for means to implement the Convention on Biological Diversity (CBD) in the context of patent law.¹ Developed countries and industry

¹ The CBD is a legally binding international treaty which came into force in 1993. It says that genetic resources are national sovereignty, making access to them subject to several conditions. One is that countries should grant access to biological material through prior informed consent. (CBD parties have the liberty to decide whose consent -- that of communities where the material is collected, or that of the government.) Another is that access must give rise to benefit-sharing. Given these rules, patents on genetic material can only be consistent with the CBD if the resources were acquired with national approval. That is why developing countries demand that country of origin and proof of prior informed consent -- which together are known as “disclosure” issues -- be indicated in patent applications related to genetic resources. This extends to traditional knowledge in so far as genetic resources incorporate such knowledge and/or such knowledge is collected along with the genetic material and forms part of the background to a patentable invention.

defy most attempts to see this happen. They say that the CBD provisions should not be construed as criteria for patentability and would be an administrative burden. In the context of the PLT negotiations, the industrialised countries rejected such proposals, arguing that they pertain to the substance of patent law, not procedure.

1.2 A single international search tool

The second building block is being pursued at present through the reform of the Patent Cooperation Treaty (PCT). The PCT was originally adopted in 1970. It provides a common facility to conduct international searches of prior art for patent applications. Today, all patents in the world are national documents granted under national rules and procedures.² The PCT allows patentees to shortcut some of that process, if they wish to seek protection internationally, by allowing for preliminary examination of the application.³ (An invention must fulfill three criteria to be patentable: novelty, inventive step/non-obviousness and utility/industrial application. These are tested against a review of already existing inventions.) If the application holds up as valid, the inventor proceeds with national filing. The countries in which the application is filed may evaluate the patent independently or accept the findings of WIPO's examiners – it's up to them.

This process gives great advantage to patentees because it establishes the priority of an application at the international level. It means that a patent application becomes “claimed territory” before filing at the national level. It also gives applicants a generous amount of time to assess the market potential of their patent in the different countries, and to rethink their strategy before proceeding with national filing. Significantly, the PCT is an important source of revenue for WIPO, which conducts the search and examination work on a user-fee basis.

The PCT is being reformed at the moment, ostensibly to streamline the process and make it a lot simpler. However, the reform process is an opening for the PCT to adjust to new policy objectives and needs of WIPO's overall harmonisation agenda. One of those is likely to be the incorporation of a database of traditional knowledge for international searches.⁴ A more speculative question is whether a revised PCT would extend WIPO's powers to the full examination and grant of “world” patents.

1.3 A uniform patent law

Once the PLT was adopted in 2000, the WIPO member states agreed to move on to harmonisation of the basic rules of patenting. This will be achieved through the Substantive Patent Law Treaty (SPLT). A first attempt to harmonise substantive patent law floundered ten years ago because the US refused to give up the “first-to-invent” principle in determining who has the right to a patent. (Most of the rest of the world uses a “first-to-file” rule.) But the US has now indicated that it is ready to give up its cherished principle if the rest of the harmonisation negotiations are promising.

² Sometimes countries form cooperative arrangements to issue patents among themselves (African Regional Industrial Property Office, etc.).

³ A PCT application is published as a “WO” (for WIPO) document. They are not actual patents, but they do establish some level of “patentability” of inventions, facilitating the overall process of applying for a patent. See <http://www.wipo.org/pct/en/>.

⁴ This is being further facilitated through a revision of the International Patent Classification (IPC) system underway in another division of WIPO. The IPC is an international set of codes for categorising patents, e.g. mechanical, chemical, and so on.

The SPLT is a serious concern, and could make the World Trade Organisation's Trade-Related Intellectual Property Rights (TRIPS) Agreement obsolete. TRIPS "only" spells out the minimum required elements of national patent laws. SPLT, by contrast, will spell out the top and the bottom line. It is a fixed set of rules on what can be patented and under what conditions: the political substance of a potential world patent system. A first draft of the treaty was tabled by WIPO in November 2001 and a revised one in May 2002. It is important to be aware that there are vested interests at play here: the bulk of WIPO's finances comes from corporations using the PCT system. Building up a central role for WIPO in administering intellectual property rights could be a key to the institution's future financial sustainability.

A few other elements are also at play in the current patent harmonisation process. For example, there is talk of revising the Budapest Treaty on the Deposit of Microorganisms for the purpose of patent protection. According to WIPO, there is a need to expand this treaty to the registration of DNA sequences in a central database. This would surely boost gene patenting worldwide. TRIPS makes no reference to the Budapest Treaty, but the United States and Europe both push accession to this registration system through their bilateral trade agreements with developing countries.

What is shaping up, slowly, is a single patent law (SPLT) relying on agreed procedures (PLT, Budapest) which could be administered by WIPO (PCT). An important unknown in this configuration is which court or courts would handle disputes (e.g. infringement) and other post-grant formalities (e.g. nullification or revocation of patents).

2. CORE CONTROVERSIES IN THE SPLT

The SPLT is in the first stages of drafting and negotiation. The committee drafting it is presently focusing on criteria for patentability and other issues that lead to the grant of a patent. The most contentious matters at this stage include the following.

2.1 The "technology" factor

The TRIPS Agreement, like the European Patent Convention, states that patents shall be available for inventions "in all fields of technology". Will the SPLT retain this condition or not? This question hits an important point of discord between the US and Europe. In the US, business methods⁵ are patentable. But in Europe they are not, because they are not considered to represent "technical progress". None of this prevents the US from issuing patents on business methods. But the Americans want recognition of such patents beyond their own territory, in order to expand their commercial opportunities. What was not achieved in TRIPS, the US would like to secure through WIPO's SPLT by avoiding reference to "all fields of technology." The US has even stated that it will leave the negotiations if this matter is not settled in its favour. The EU, along with the European Patent Office and Brazil, are holding out against this.

⁵ There is no one definition of "business methods" in the patent world. But it generally refers to activities such as buying and selling, marketing techniques, financial schemes and strategies. Business method patents relate predominantly to the Internet and its applications, such as electronic commerce.

2.2 Exclusions from patentability

Patent laws usually indicate what is considered an invention and what is considered patentable. They also usually state what is excluded from patentability as a matter of policy. TRIPS, for example, says that members may stop patents from being granted if commercialisation of the invention would offend morality or public order. TRIPS also allows countries to exclude plants and animals from patentability as a matter of principle.

The SPLT was drafted with no real proposal on this matter. All WIPO did was suggest, in a footnote somewhere, that countries may wish to incorporate the provisions of TRIPS Articles 27.3 and 3 or make some kind of reference to them (without saying what that reference might be). The US position is that there should be no exclusions to patentability in the SPLT. They are supported on this by the corporate representatives in the back of the room, such as the Biotechnology Industry Organisation. Europe and the developing countries, on the other hand, are arguing to at least retain the exclusions offered in TRIPS.

2.3 No further conditions allowed

As presently drafted, countries which sign the treaty will not be allowed to make any further demands on patent applicants than those found in the treaty. This has become a major battlefield between the industrialised and developing countries around the table. Brazil, the Dominican Republic and Peru, among others, are adamant that disclosure of country of origin of genetic materials, and proof of prior informed consent in their acquisition, must be enforced. As mentioned earlier, the whole question is whether or not international patent law – including such a “world” patent law -- will allow developing countries to secure financial benefits from access to genetic resources as prescribed by the CBD. The developed countries vainly insist that implementing the CBD should be dealt with under the CBD, not under the SPLT.

3. WHAT IS AT STAKE?

The setting up of a world patent system has huge implications. It means the end of patent policy as a tool for national development strategies. It is also likely to overtake TRIPS, both in form and in substance. Any deviation from its rules would be subject to some kind of sanction: it would be the final word.

The negotiation of the SPLT is largely a debate between the US and Europe. The first draft of the treaty singularly reflected US patent law and the US has made it clear that it is willing to go as far as it can to secure the adoption of this new law. The Americans' big negotiable is the first-to-invent principle, and the related matter of grace period. Their big non-negotiables appear to be business methods and biotechnology. Europe is so far defending the *status quo* of TRIPS, with Japan following its line. The developing countries are hardly in the discussion at all, with a few exceptions led by Brazil. In the words of one developing country negotiator:

“The ones harmonising are the US and Europe. We developing countries would be fine if things stayed the way they presently are. But if they make a harmonised patent law, there is no way that they can avoid the need to be coherent and respect the sovereign rights of states over biodiversity. This means that they must include provisions to require proof that genetic resources were not acquired illicitly. And this must be accomplished through disclosure of country of origin of genetic resources and proof of prior informed consent as conditions for patent grant.”

While the disclosure issue is clearly an important fight for developing countries, this position suggests a defeatist attitude towards patents on life. For it presumes that the SPLT -- and developing countries participating in the negotiations -- will cede to the “no exclusions to what is patentable” approach of the United States. TRIPS leaves it to each country to decide, as far as plants and animals are concerned.

If the SPLT moves forward on its present course, it is bound to run into the waters of the WTO and its TRIPS Agreement. Whether the two can co-exist or will conflict is a huge question mark. We may even see critics turn around and defend TRIPS, as it may suddenly appear a lesser threat compared to what WIPO comes up with. The SPLT will also run into the waters of another corner of WIPO itself: the Intergovernmental Committee on Genetic Resources, Traditional Knowledge and Folklore. It is not known if SPLT will act upon this Committee’s considerations and eventual agreements or not.⁶ Further still, it is unknown whether WIPO’s overall trajectory toward patent harmonisation will cross paths with the potential outcome of the Hague Convention negotiations on jurisdiction of court decisions.⁷

All of these issues -- and many more -- make the road to a uniform world patent system fraught with dangers and unknowns. The conflicting interests of the parties involved will make it a torturous process. But there is no doubt that what appeared until recently as something of a pipe dream is starting to take on real proportions. Unfortunately, not many people may be aware of what is going on.

GOING FURTHER:

WIPO, “Progress on Discussions to Harmonize Patent Law”, *Update* 164/2002, Geneva, 14 May 2002: <http://www.wipo.int/pressroom/en/updates/2002/upd164.htm>

Working documents of WIPO’s Standing Committee on the Law of Patents, the body negotiating the SPLT: http://www.wipo.int/ip1/en/ip1-01.htm#P33_4559

WIPO’s Patent Agenda, a consultation process to define a “strategic blueprint” for the international patent system: <http://patentagenda.wipo.int/>

⁶ At the Committee’s meeting last month, Venezuela, the Dominican Republic and Egypt demanded an “objective report” from the WIPO Secretariat on the negotiations of the SPLT and their implications for the Committee’s work.

⁷ This treaty aims to de-territorialise court decisions among its signatories, so that judgments reached in one country will automatically be valid in the others. Up to now, the draft explicitly covered intellectual property rights. After extended controversy, the treaty has been sent back to the drafting table, so it is currently unknown whether the new proposal, due next year, will apply to patents. For further information, see <http://www.hcch.net/e/workprog/jdgm.html> and <http://www.cptech.org/ecom/jurisdiction/hague.html>.