

## COMMENTARY

## WIPO: Promoting Global Economies via Enhanced Protection for Intellectual Property

By Stephen Favakeh

*Stephen Favakeh is a partner with the law firm of Fitch, Even, Tabin & Flannery in Chicago, where he specializes in intellectual property law. In this article he discusses the proposed Patent Law Treaty, and how it will affect patent practice in the United States and abroad.*

The acute economic problems faced by developing countries (DCs), and the small but growing subset of DCs called least-developed countries (LDCs), stem from wide varieties of ailments which make these countries' attempts at participating in the current global economy ineffective. One factor that has been identified and targeted for change is their legal regimes for procurement and enforcement of intellectual property rights (IPRs), which commonly lag far behind those of industrialized or more developed countries. Many observers view this deficiency as the root because of the lack of interest by large multinational corporations in focusing their considerable investment efforts in DCs and the lack of development of a significant local innovation base.

Several international treaties or conventions directed to IPRs are already in place, and the belief in the growing importance of IPRs is amply demonstrated by the constant increase in adherence to these treaties. The World Intellectual Property Organization is an intergovernmental organization with responsibilities for the oversight of various multilateral treaties dealing with the legal and administrative aspects of IPRs. For instance, the Patent Cooperation Treaty (PCT), which enables the filing of a single international patent application to reserve a filing date in each of a large number of participating countries as designated at the time of filing, was concluded by WIPO in 1970. As recently as 1990 there were only 43 contracting states to the PCT. At present, that number has more than doubled and as of Dec. 31, 1999, the PCT had 106 contracting states.

The General Agreement on Tariffs and Trade (GATT) accord on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) was a major foray into the previously WIPO-dominated area of IPRs and yielded the biggest and most comprehensive intellectual property agreement since the seminal Paris Convention of 1883. The TRIPS Agreement operates under the aegis of the World Trade Organization and establishes comprehensive standards for the protection of intellectual property and the enforcement of IPRs in WTO member countries. Some

important features of the TRIPS Agreement include its definition of patentable subject matter and the establishment of standards regarding enforcement of IPRs, which member countries must meet. DCs that are WTO members had until Jan. 1 of this year to comply with the provisions of the TRIPS Agreement with LDCs given an additional six years for compliance.

IPRs were a major component of the North American Free Trade Agreement, which came into effect in Canada, Mexico and the United States on Jan. 1, 1994. The intellectual property provisions of Chapter 17 of NAFTA created the highest legal standards for protection and enforcement of intellectual property ever negotiated. These standards are akin to those that were already present in the United States, and like the TRIPS Agreement, the enforcement standards include such features as the ability to collect damages for past infringement, to enjoin future infringement, and to prevent entry of infringing goods at the border.

Currently, WIPO is heading a major initiative to adopt an international Patent Law Treaty (PLT). This effort has been going on for several years largely unnoticed in the United States due to the publicity surrounding NAFTA and the TRIPS Agreement, and more recently by the passage of the American Inventors Protection Act of 1999. The PLT is close to its final form and has been published for public comments via a Federal Register Notice on March 9, 2000, 65 Fed. Reg. 12515, and a notice in the Official Gazette of the Patent and Trademark Office on March 28, 2000, 1232 O.G. 791.

The PLT's purpose is to harmonize and simplify or reduce the formal requirements and procedures associated with patent applications and granted patents in the member countries. The most important areas the PLT addresses are filing dates and procedures for applications, invalidating granted patents, reinstatement of applications or patents and priority claims.

The PLT purposefully and perhaps wisely stays away from matters that it considers substantive patent law. Unlike GATT and NAFTA, which deal with many other trade related issues besides IPRs, WIPO's putative PLT is solely directed at patents so that there is no room for the kind of bargaining that occurred during the formulation of the TRIPS Agreement and the intellectual property provisions in Chapter 17 of NAFTA. In the negotiations for these

agreements, one or several members' objections to a proposed intellectual property provision could be dealt with by concessions in other areas under debate. In particular, in the formulation of the TRIPS Agreement, DCs having weak IP regimes were able to secure other trade advantages in exchange for strengthening their IP standards. On the other hand, the negotiations for the PLT are limited to making compromises only in the patent arena. Even with limiting the PLT to purported administrative matters, its progress toward completion has been dragging on for nearly five years.

While the PLT will provide some long needed consistency among its member countries in various procedural aspects relating to patent applications and granted patents, its benefits are most likely to be felt by individual inventors and small businesses, especially those in DCs. The PLT is not likely to have the effect that the TRIPS Agreement will have in changing a DC's IP regime to attract the investments and latest technologies that can improve living standards in those countries. Nevertheless, it is believed that the harmonization effort taken on by the PLT is an important adjunct to the more substantive patent law changes required by the TRIPS Agreement and NAFTA, and accordingly some of its more salient features are summarized here.

Article 5 of the PLT sets out what elements must be met for a filing date to attach to an application for a patent. Filing dates are critical in that they set the time from which the prior art is established. In most of the world outside the United States, the claims of a patent application must be novel as of the filing date, which is the so-called absolute novelty requirement. Accordingly, an applicant must have a patent application on file disclosing the invention with a filing date that precedes any novelty-destroying prior art, which includes public disclosure of the application's claimed subject matter.

The U.S. has a first-to-invent system so that a patent application's filing date is slightly less important since prior art that is dated less than one-year prior to the filing date can be antedated via affidavits that establish an earlier date for completion of the invention. See 35 U.S.C. § 102; 37 C.F.R. § 1.131. Even so, prior art in existence more than one year before the filing date is a bar against patentability pursuant to 35 U.S.C. § 102(b) so that an early filing date can still be critical in terms of limiting the universe of information available to be cited as prior art against the claimed invention.

Article 5 greatly simplifies the conditions that can be imposed to obtain a filing date. No longer will a foreign originating application have to be translated for filing in a domestic patent office of a PLT member country before a filing date is granted. This obviously will significantly reduce the costs that applicants must incur at the time of filing. Delay in incurring costs associated with patent applications is generally seen as desirable so that applicants can have time to better gauge markets for the technology for which patent protection is sought before continuing their patent investments.

One significant change to U.S. patent laws will occur upon adoption of the PLT: no longer will claims be required for a filing date. See 35 U.S.C. § 111(a).

Patent practitioners in the United States will be relieved as the U.S. continuation practice allowed by 35 U.S.C. § 120 created a trap for the unwary. Subject matter that is common in co-pending, related applications is entitled to the filing date of the earliest filed application in the chain. Many continuation applications are filed to present claims that are either different in substance or form than those considered in their parent application(s) via a Preliminary Amendment canceling all the claims in the parent application.

A problem arises if the Preliminary Amendment does not leave at least one claim pending or add additional claims over those canceled. In this instance, a filing date will not attach to the application, which can break the chain of continuity with the parent application if the parent issues or is abandoned in the interim period prior to filing of a claim in the continuation application. See, e.g., *Baxter International Inc. v. McGaw Inc.*, 149 F.3d 1321, 1333-34, 47 U.S.P.Q. 2D (Fed. Cir., 1998); *Exxon Corporation v. Phillips Petroleum*, 81 F. Supp. 2d 746, 751-53 (S.D. Tex., 1999). The effects can be disastrous where the earlier filing date is necessary to avoid a statutory bar such as can be created by publication of the application in a foreign country, which occurs 18 months from the earliest effective filing date. Implementation of the PLT in the United States will remove this potential pitfall for practitioners.

Article 6 of the PLT ties the requirements relating to the form and contents of an application for a patent in a PLT member country to those of the Patent Cooperation Treaty. WIPO envisions that the mandate of Article 6 will eventually lead to the standardization of the formalities required for filing an application as the PLT countries attempt to comply with the PCT requirements and thus this may be the PLT provision which will have the most far reaching effects. It appears that the ultimate goal is the availability of a single form that can be filed with an application in any PLT country and be effective to convey the necessary information to meet the required formalities for filing. In fact, Article 14 requires the PLT Assembly to establish model international forms and formats for various types of patent office communications specified in the PLT.

Article 10 is significant as it is the only provision of the PLT which is specifically directed at how granted patents are to be treated by reviewing tribunals for purposes of revocation or invalidation. Article 10 mandates that a granted patent may not be revoked or invalidated because of lack of compliance with certain formal requirements. The purpose of Article 10 is to prevent PLT countries from making or following laws or rules that would nullify a patent grant based on non-compliance with specified formalities during its prosecution that do not go to the substance or content of the patent and which are not tainted by fraud. Article 10 is consistent with the practice of U.S. courts relating to inequitable conduct charges based

on technical violations of U.S. patent office procedures. *See, e.g., Seiko Epson Corp. v. Nu-Kote International Inc.*, 190 F.3d 1360, 1367, 52 U.S.P.Q. 2d 1011, 1017 (Fed. Cir., 1999); *see also, University of California v. Hansen*, 54 U.S.P.Q. 2d 1473, 1483. Accordingly, the PLT via Article 10 seeks to assure applicants that their investment in patents cannot be derailed by technical defects that do not go to the substance of the patent.

Articles 11 and 12 relate to time limits for actions that need to be taken before a PLT member country patent office. Article 11 specifies conditions for obtaining extensions of time limits similar to those found in current U.S. and European patent practice. Article 12 requires reinstatement of the loss of rights in an application or patent where the loss has occurred directly because of failure to comply with a time limit and where such failure has occurred unintentionally or despite the due care of an applicant or patent owner. Together, Articles 11 and 12 insure that hard and fast time limits are the exception and not the norm in member country patent offices, and normal diligence in meeting set time limits is sufficient to avoid risking the loss of valuable patent rights should the time limits be inadvertently missed.

The Paris Convention provides for a right of priority to the filing date of applications that are filed in member countries for subsequent applications filed in other countries within a year of the priority date. Properly perfecting priority claims is crucial where intervening art is present that can be removed as a reference against the subsequent application by the early filing date of the priority application. By way of Article 13, the PLT deviates from this long established regime by allowing for delayed filing of subsequent applications, *i.e.* after the one-year priority window has passed, for a set period of time if the failure to file the subsequent application within the one-year priority window occurred in spite of due care having been taken or, at the option of a member country, was unintentional.

In sum, the proposed PLT should make the patent systems in all its member countries more user friendly and reduce the instances where various technical errors during processing of an application or a patent cause loss of patent rights. In this sense, the PLT is seen mainly as benefiting those not experienced in patent office procedures, such as independent inventors and small businesses. In DCs where national patent systems may be deficient, including overly burdensome procedures for procurement leading to lower numbers of patent filings, the simplification of patent office formalities should lead to greater accessibility for local inventors.

In terms of assisting DCs' efforts in attracting investments and encouraging domestic innovators, the PLT is likely to have less of an impact than the TRIPS Agreement which, unlike the PLT, includes enhanced minimum standards for patentable subject matter and enforcement mechanisms for IPRs. Both of these aspects have a high degree of importance for determining the

strength of a country's IP regime. For example, having laws that allow for patents on pharmaceutical products or computer programs is only of significance if meaningful enforcement procedures and remedies are also in place. The PLT is notably lacking in both of these areas.

A significant body of work is present that provides empirical models which establish a convincing correlation between the strength of a country's IP regime and its level of economic development and ability to attract investments. In many DCs and particularly LDCs having weak IPRs, piracy can be a significant barrier to investments as companies cannot be assured of an adequate return on their investments. Strong IPR regimes are a powerful driver of innovation and diffusion of new technologies. The long-term benefits of enhanced protection for IPRs should greatly outweigh the temporary economic dislocation caused by the transition from an economy reliant on the high-tech developments of others to one where domestic companies and inventors are fully supported in building their knowledge capital, and where transfer of the latest technology into the local economy is also supported.

To further the ongoing efforts of leveling and raising the playing field for IPRs around the world, future initiatives of WIPO should be directed toward a further strengthening of the enforcement mechanisms established by TRIPs in the DCs. Whether something is appropriate for patenting can involve making judgments on highly moral issues affected greatly by local customs and cultures, such as whether microorganisms or other life forms are proper subjects for patenting. Understandably imposing these kinds of requirements on countries may be very difficult and may derail any multilateral agreement solely directed to IPRs including such standards. On the other hand, once laws are established, it should be a simpler matter to convince DCs that enforcement efforts need to be fortified if the promise of their new and improved patent laws is to be delivered.

### **Andrews Offers Creative Solutions for Copyright Problems**

Andrews now makes available a site licensing program to aid those firms anxious to internally disseminate the valuable information in Andrews' Litigation Reporters without encountering heavy-handed threats of copyright infringement. Parties interested in working with Andrews toward a solution to copyright problems are encouraged to contact our Subscriptions Department.

1-800-345-1101