

PATENT LAW HARMONIZATION TREATY DECISION IS NOT FAR OFF -- WHAT COURSE SHOULD THE U.S. TAKE?: A REVIEW OF THE CURRENT SITUATION AND ALTERNATIVES AVAILABLE [n.a]

William T. Fryer, III [n.1] [n.2]

INTRODUCTION

It is hoped that this rather comprehensive review, of patent law harmonization treaty work in process, will help organizations and individuals evaluate the current situation and prepare recommendations for their representatives, governmental and non-governmental, who will participate in the final meeting, and in later stages of the treaty process. There is great value in reviewing several reports on this meeting. WIPO has published a report summarizing the 7th meeting of experts *310 on patent law harmonization (more than 90 pages, organized on a day-by-day basis). [n.3] The present article was drafted independently, from meeting documents and notes taken during attendance at the 7th meeting, without relying on the WIPO report as a primary source.

The 7th meeting of experts on patent law harmonization, held November 13-24, 1989, at the World Intellectual Property Organization headquarters, Geneva, Switzerland, was a very important event. [n.4] It was evident that most delegations were well prepared. Progress was made during this two week meeting, but a lot more work is needed, to be ready for the final meeting of experts on June 11-22, 1990. The last meeting of experts is the best opportunity for a non-governmental organization to help their government delegation work out solutions to controversial issues. WIPO plans to complete the draft treaty at the June meeting. Preparation will begin at the June meeting for a diplomatic conference, to be held June 3-28, 1991, based on the treaty version worked out at the next meeting.

Section I of this article includes a brief explanation of the WIPO treaty process. Section II gives an overview of how a patent system would function with the proposed changes. A chart, keyed to the draft treaty articles, is included to show the functional role of each provision. While this article assumes some knowledge of developments in prior meetings and basic international patent law, it is written for general patent specialists and business persons who want to know what is going on at the patent harmonization meetings. Section III is a detailed review of the 7th meeting discussions, based on first-hand observations, organized by the draft treaty articles. The reader will find it convenient to

refer to the Section II chart, for a particular topic and article number, and to look up that article in Section III for more information.

Section IV analyzes several of the major issues facing the U.S. at the next meeting. Since this meeting is the last one for the experts to clarify the articles and include all desired provisions, it is very important that U.S. organizations prepare thoroughly for this meeting. This article is designed to be useful after the next meeting of experts, when the U.S. government and U.S. organizations are preparing for the diplomatic conference. In addition, this background should be helpful in developing *311 appropriate U.S. legislation to bring U.S. patent law in line with treaty requirements, should the U.S. decide to adhere to the treaty.

Section I -- WIPO Treaty Process

For persons not familiar with the process used to prepare a treaty, this section will help explain where the patent harmonization treaty is in its development cycle. The 7th meeting of experts was preceded by six meetings to review treaty drafts prepared by WIPO. [n.5] Each draft treaty prepared before a meeting was based on the experience at the preceding meeting, and it contained extensive explanation of the provisions, in a companion "Remarks" section of the documents. The meeting documents were circulated well in advance of the meeting, to allow interested groups time to discuss them with their members and send delegates to the meeting with specific instructions. The American Bar Association, Section on Patent, Trademark and Copyright Law (ABA), the American Intellectual Property Law Association (AIPLA), New York Patent, Trademark and Copyright Law Association (NYPTCLA), and the Intellectual Property Owners Association (IPO) had representatives at the 7th meeting.

Unfortunately, some U.S. organizations could not have the same delegates there all the time, and during part of the last meeting week, no one attended from some of these organizations. It is almost impossible for a practitioner to be gone from office affairs for the two weeks that this meeting spanned, including the travel time. A tremendous effort was made by many U.S. practitioners to participate, to the extent they could. Progress was made under these circumstances, as there was advanced coordination with the U.S. government delegation on what approach was recommended. It was this author's good fortune, thanks to being on sabbatical and other support, to attend the entire meeting.

There were approximately 48 countries with one or more official delegates at the meeting. Over 30 non-governmental organizations were present. There were representatives from the European Patent Office (EPO), legal staff of the General Agreement on Tariffs and Trade (GATT), and the Commission of the European Communities (CEE).

The proposed treaty is consistent with the Paris Convention (PC). It will not diminish any rights now received by PC members. Article 2 *312 of the draft treaty maintains the proper relation with the PC. [n.6] The reason for not amending the PC and, instead, using

a separate treaty is a long story. [n.7] Basically, using a separate treaty has many advantages, including use of a workable administrative approach to resolve disputes on whether the treaty is being followed by a member, and to set vote requirements for changing the treaty.

The general approach at each meeting of experts is to ask for comments on the new version of the draft treaty. A discussion may follow. Most of the government delegations are national patent office employees, as is the case for the U.S. delegation, where Michael K. Kirk, Assistant Commissioner of Patents for External Affairs has led the delegation. Commissioner Kirk has been a very effective spokesperson for the U.S. Governmental delegations have priority in speaking, so the non-governmental organizations speak last, usually. This format allows these organizations to comment on the government proposals and to offer other solutions. The meeting is an education in comparative patent law, with so many experts in the room, accounting for why this author considers it an educational experience of the highest order.

WIPO's role is to use the discussion and the positions taken, such as where a consensus or majority view is expressed, to prepare a next draft. In several situations, there is a clear division of opinion on what approach should be followed on an article. WIPO will draft a provision on each position and put it in brackets, so the meeting can discuss both of them. If it happens that no consensus can be reached, these alternatives will be left in the draft for the diplomatic conference, which will resolve which provision to incorporate in the treaty, or how to modify a provision into acceptable form.

Jean-Louis Comte, recently retired director of the Swiss Patent Office, has been chairman of the meeting of experts. He has been an extremely fair and patient leader. His summaries at the end of a discussion *313 on a provision are perceptive and precise. The WIPO representatives ask questions and comment on the draft. At the 7th meeting, Director General, Arpad Bogsch, led the WIPO staff. He participated in the entire meeting and added very valuable insights that only his experience could provide.

For persons interested in examining the documents from this meeting, they were: (1) Document HL/CE/VII/3, referred to as Document 3, dated 31 July 1989, with the substantive provisions; (2) Document HL/CE.VII/4, referred to as Document 4, dated 31 August 1989, with the administrative provisions and final clauses, and (3) Document HL/CE/VII/INF/1, dated 31 July 1989, referred to as Document INF/1, containing a WIPO report on research for several provisions. The latter document was supplemented by document HL/CE/VII/INF/1 Supp., dated 31 August 1989, and by a correction sheet dated 13 November 1989, referred to collectively as Document INF/1 Supp. The last mentioned group of documents will be referred to as document INF/1. There were many documents with substitute provisions presented at the meeting, labeled Documents HL/CE/VII/7 through 27. While all these documents are available to participants, in several languages, they are not published usually in WIPO regular journals, or in the WIPO meeting summary.

The next step after the 7th meeting will be for WIPO to prepare another draft treaty. It is expected that this document will be available around March 1, 1990. There is very little time after that publication is received to closely examine it and develop new recommendations. Even less time is available than appears from the dates involved, since the government delegations must develop their positions, based on many inputs, and discuss these positions in advance of the next meeting, with representatives of other governments. All of the background and meeting negotiations are very important. It is essential that interested organizations immediately focus on the critical issues and communicate their recommendations to their government representative and to the persons who will represent their organization.

*314 Section II -- Overview of Patent System Proposed in Draft Treaty, -- Comparison with Current U.S. Practice.

As a result of the 7th meeting of experts, many of the likely treaty provisions are reasonably clear. In some cases, alternatives are being considered. Where it is unclear at this time, what form a provision will take, this overview will use the author's opinion on the likely outcome. This section will take a general look at a patent system that incorporates these changes, identified hereafter as the treaty patent system (TPS). TPS is the structure that each member country will have to include in its patent system as a member of the treaty. Members will be free to adopt patent laws which are not in conflict with these requirements.

For persons familiar with the operation of the European Patent Office (EPO), under the European Patent Convention (EPC), TPS is very similar to it. The main difference between the EPC system and TPS is that TPS includes provisions on rights obtained under the patent, a topic the EEC has left for their community patent convention (CPC). The CPC has not been adopted yet, but the text is finished, essentially. The fact that EEC members have recently developed the EPO, and important *315 patent agreements, creates a very strong attraction, for the countries involved, to use them as the models for this treaty.

Figure 1 presents the main TPS features and corresponding draft treaty articles, on a time line, beginning one year before a patent application is filed and ending with the expiration of the patent. TPS will be introduced by examining the major features that affect: patent application preparation and filing, prosecution, patentability, post-patent issue events, patent rights, and patent remedies. A reader who wants to examine the origin of present U.S. patent law should consult one of the leading treatises. [n.8] This analysis assumes a general familiarity with U.S. patent law, so extensive reference to source materials on U.S. law will not be made.

1. TPS -- Patent Application Preparation and Filing.

As depicted in Figure 1, there will be a one year grace period (A203), so that public disclosures by, or derived from, the inventor will not be a novelty bar during that time. Several countries will have to change their laws, to add a grace period, or to extend the current one, according to WIPO research. [n.9] A change in U.S. law regarding what initiates the grace period may be required, a subject discussed below in connection with article 201. The grace period is a safety net, like the present one year U.S. grace period under 35 U.S.C. section 102(b). In TPS there is great risk in relying on the grace period, as explained below in connection with articles 301 and 308.

TPS is a first-to-file (FTF) system (A301). A patent will be granted to the first person to file on that invention. There will be no invention date due to developing the invention, or other activities, as now provided under U.S. law. The obvious strategy for all inventors is to file first. This fact makes the grace period (A203) of much less value.

There are several provisions that help to simplify patent application preparation, when preparing a case for filing in member countries. Every member country will have to accept applications that follow the treaty requirements. These provisions related to description content and format (A103), unity of invention (A105), and claim format and content (A104). There is no restriction in the draft treaty rule on description *316 that prevents the U.S. from requiring the best mode description [R103(1)(v)]. The other requirements concerning the description are flexible enough to allow the essential features of current U.S. practice. Although a set description format is required, it has a statement that permits alternatives when the situation dictates.

The claim provisions (A104 and R104) allow use, in any member country, of the U.S. single paragraph claim, or the two-paragraph style, common in most other countries. WIPO research pointed out that many countries do not accept the U.S. format, so this change is helpful to U.S. practitioners. [n.10] There is a requirement, still being debated, that limits use of references to the description or drawings in a claim [R104(4)]. It is likely at the next meeting that this provision will be made more flexible. The use of multiple-dependent claims, dependent on multi-dependent claims will be allowed in all member countries, a practice not permitted now in the U.S. This requirement is being debated. There is a requirement that prevents use of a graph or drawing in a claim, but such information in the description and drawings can be referenced, when circumstances warrant [R104(4)(b)]. A few of these requirements differ from current U.S. practice and limit future U.S. changes. While some of these aspects are still being debated, the remaining features are consistent, essentially, with U.S. practice.

The unity of invention provision, controlling what related inventions can be claimed in a single application, is very general (A105 and R105). This area is in need of harmonization, according to WIPO research. [n.11] The draft treaty document has detailed remarks for these provisions, explaining how the practice should work. They act as an informative guide, should a country choose to follow them. They are not requirements that must be followed. These unity of invention guidelines are based on a U.S. delegation proposal, and they provide a broad scope.

No change in U.S. patent law will be required in the scope of subject matter protected by patent (Alternative A, A204). A number of countries will have to change, broadening the scope of subject matter protected *317 under their patent systems, according to WIPO research. [n.12] A very significant expansion of protectable inventions will occur in some countries. This provision states that "patents shall be available for inventions, whether concerning products or processes, in all fields of technology" [Alternative A, A204(1)], subject to certain transition provisions that are still being debated.

The provisions related to establishing a filing date involve major changes for most countries, according to WIPO research. [n.13] They are being debated (A101 and R101). One feature is that a translation will not be required to establish a filing date. Only a description, identification of applicant, and statement that a patent is sought will be required. The translation can be filed late, within a short period which has a minimum time set in the draft treaty [A101(a)]. The other change will revolutionize the practice of late filing, as it allows filing a description, one of the requirements to establish the filing date, by reference to an application filed in another country [A101(3)]. A copy of the application can be filed within a required period.

A provision that allows late filing of a priority document, if no lack of due care is involved, is being considered. Its adoption depends on the outcome of WIPO research on whether this procedure is permitted under the Paris Convention [A109(1)]. A late claim for priority will be allowed, if there is no lack of due care [A109(2)].

The naming of inventor and entitlement provisions are being worked on, but they are not likely to require any significant change in U.S. law (A102 and R102). They will establish some uniformity, where practice is quite divergent, according to WIPO research. [n.14]

*318 2. TPS Application Prosecution.

There are several provisions related to patent application prosecution that will improve uniform treatment in member countries. Late filing of the translation has been mentioned (A101), and there is a procedure to correct errors in the naming of inventor and entitlement [R102(2)]. The applicant can amend the description, drawings and claims, within limits [A103(4) and A104(6)]. The unity of invention provision allows filing of divisional applications, when a restriction requirement is made, and this provision will be changed, probably, to allow voluntary filing, without a restriction requirement [R105bis].

Application examination will occur sooner under TPS, in several countries that now allow 7 year deferred examination. Examination must begin within 36 months of the national filing date [A107(2)]. A non-binding statement in the provision recommends a 2 year maximum prosecution period, for most cases. This change will result in patents issuing on most applications in 5 years, instead of the current 10 years or more for deferred examination countries. It is unlikely that a provision that requires a search report within 24 months from priority date will be retained [A107(1)].

U.S. practice in filing continuation-in-part (CIP) applications will be changed significantly, due to the prior art effect of automatic publication at 18 months from priority date (A106 and A201). CIP applications will have to be filed before publication, since the published information becomes prior art for all purposes. The self-collision provision will establish an important, uniform practice, if it becomes mandatory [A202(4)].

The patent term runs from the filing date (A305). It is a 20 year minimum, so a country can extend the life of a patent, or add a minimum patent term provision. This provision will put pressure on the applicant and the patent offices to complete prosecution, for several reasons. For example, the remedies are better with the patent (A307). For several countries, this provision will force them to increase the patent term.

TPS allows only withdrawal of an application from the 18 month, automatic publication, when the request is filed no later than 17 months from priority date [A106(1)]. The issue of whether an applicant should control publication is being debated. The U.S. might accept application withdrawal, if it is no earlier than a reasonable period after a search or first examination report is received.

3. TPS -- Patentability.

The standard under TPS for novelty [A201(2)], and the prior art effect of an application before its publication (A202), are still being debated. *319 As TPS stands now, an unpublished application will be used only for novelty determination, in examining a later filed application.

The TPS definition of non-obviousness follows the U.S. concept [A201(3)], but the definition of novelty uses the EPC concept of only public disclosure [201(2)]. The novelty definition is not clear, but it appears to eliminate the current U.S. patent law on secret on-sale and secret public use, under 35 U.S.C. section 102(b), and secret knowledge based on 35 U.S.C. 102(f) and (g), under certain circumstances.

4. TPS -- Patent, Post-Issue Events.

A patent text and drawing can be amended, subject to a limitation on patent rights, if the scope of protection is changed (A110). A debated provision requires mandatory post-grant opposition on patentability and other issues, for a limited period after patent issue [A108(1)]. This change would add a new way to challenge U.S. patents. The current reexamination procedure can be retained. Pre-grant oppositions would be eliminated [A108(3)].

The TPS provision that attempts to unify the payment procedures for maintenance fees will be dropped (A306).

5. TPS Patent Rights.

TPS attempts to define the doctrine of equivalents principle, to give it a scope in each member country that is adequate to protect alternative, undisclosed invention embodiments that are necessary for an applicant to receive proper benefit from the patent (A304). This provision is close to final form.

The TPS definition of non-infringing activities, attempts to unify the law in an area which is very sensitive for U.S. industry (Alternative A, A302). The debate continues on this very significant provision. The definition would affect U.S. patent infringement law on experimental use, scientific research activities, and certain practices with regard to medicines. At this stage, the principle being discussed is to require no commercial impact, for any of these events to avoid infringement.

A principle similar to and broader than the U.S. first sale doctrine is in TPS. Once a specific product is put on the market, the patent owner has no further rights [Alternative A, A302(3)(i)]. This provision is in need of clarification, before its impact on U.S. law can be examined.

A provision on contributory infringement follows the U.S. approach [Alternative A, A302(4)]. The debate continues on whether TPS should include a patent right to prevent others from inducing infringement and assisting an infringer. The inducing infringement right is provided now in U.S. law [35 U.S.C. section 271(b)].

*320 TPS provides a mandatory prior user right, which allows persons, that meet certain requirements in the country issuing the patent, to continue their use, started before the inventor's application is filed. WIPO research showed that prior user rights are common in FTF systems. [n.15] The debate continues with intensity on this point. The U.S. delegation wants the provision optional. A related aspect to prior user rights is whether it should be based on use of information publicly disclosed by the inventor during the grace period (A203). At this time, TPS does not exclude basing a prior user right on such information. This prior user provision would add a new principle to U.S. patent law.

6. TPS Patent Remedies.

TPS has a basic provision on remedies that requires each member country to provide injunction and compensation remedies, after a patent issues [A307(1)], but there is only compensation available during prosecution, after publication, under certain circumstances [A307(2)]. Protection during prosecution is called provisional right. It will be determined by the claims in the published application. The detailed procedure is being drafted. The measure of damages is being debated, with the likely approach using a reasonable license fee as the minimum compensation. This approach would not change U.S. law significantly. WIPO research indicated that some form of provisional right is found in

most countries that automatically publish the application, as is the situation in TPS (A106). [n.16]

The civil procedure involved in a process patent infringement suit is addressed, in a provision that shifts the burden of proof to the defendant. The product must be made directly from the patented process and it must be new, i.e. not available before in commerce in that country. *321 This approach may require some adjustment in U.S. law [35 U.S.C. section 271(g)] that deals with infringement of a process patent.

Section III -- Situation Summary on Principal Draft Treaty Provisions After the 7th Meeting of Experts.

1. Article 101 and Rule 101 -- Filing Date.

In summary, for article 101 and rule 101, WIPO will prepare a new draft presenting the new alternatives for further discussion. There is a significant division of opinion on these proposals between the government delegations.

Article 101(1) on requirements to obtain a filing date did not satisfy the U.S. delegation. It submitted a revised article 101 that eliminated a translation from the four requirements for a filing date and allowed the translation to be filed late, without losing the filing date. The WIPO draft, in article 101(3), prohibited a country from expanding the requirements or reestablishing one after it is dropped. The government delegations were divided on the U.S. proposal. Those that opposed it were concerned about the increase in processing delays and more administrative work. Those that favored it pointed out the unfairness to the applicant in waiting for a translation and the poor results sometimes when a translation is made in a hurry. Another concern expressed by those that did not like the U.S. proposal was that the foreign language would be the official text, at least for priority purposes. Several U.S. non-governmental organizations strongly supported the U.S. proposal, pointing out that obtaining a proper translation in time was a major problem in some countries.

The late filing of certain documents and fees, permitted under rule 101(1), and the late filing of the translation under the U.S. proposal, without loss of filing date, were discussed at length. The primary concern was having to keep the records for an indeterminate period. WIPO suggested using the concept of a tentative filing date, as is used now with paying late fees in some countries. If the document is not received in the required time, the application is treated as if it was never filed. This approach seemed to satisfy most delegations. The discussion indicated this approach would be acceptable under the Paris Convention, PC.

Another proposal in article 101(3) was to allow filing of the description for a filing date, by reference to an application filed in another country, and then completing the

documents within a short period. This provision also received some support, but it was opposed by others, for the same reasons as mentioned on article 101(1) above.

*322 A proposal that developed from the discussion, not submitted in writing, was to allow correction of an application translation, to conform to the filed priority document, a complementary step for the article 101(1) procedure proposed by the U.S. This idea raised a lot of questions. The main concern was how a patent office would verify, without great expense, that the correction was proper. It was suggested that certified statements from professional translators could be used, at applicant's expense, if there was a question.

2. Article 102 and Rule 102 -- Naming of Inventor; Declaration Concerning the Entitlement of the Applicant.

In summary, article 102 will be reduced to a general statement of principle on naming of inventor, and the entitlement provision appears generally acceptable.

Article 102, on naming the inventor, was a lot more controversial than one might expect. Clearly, the inventor has to be named in the application, as required in the Paris Convention. The question this article raises is whether the inventor should be named in other documents, like the published application or the patent. Strong support for such identification was stated, primarily because of the value in using the inventor's name as a search reference to trace other developments in various documentation. One non-governmental organization expressed the view that it was the moral right of inventor not to be named. An objection expressed by some governmental delegations was the privacy acts that might restrict disclosure of such information.

Article 102 allowed an inventor to request not to be named as an inventor in patent office publications. Several comments were made that this provision could complicate relations with inventors and might bring into question the application ownership. It was urged that this provision be dropped.

3. Article 103 and Rule 103 -- Description.

In summary, article 103 and rule 103 remained very controversial, with the WIPO draft following the desired U.S. approach on best mode, and the West German proposal in opposite to that position and supported by many governmental delegations. WIPO will prepare alternative provisions for the next draft. There was no consensus reached on changing any of the terms in article 103 or rule 103.

Article 103 and rule 103 dealt with application description content. It raised again the discussion over why the U.S. wants to require a best mode. Clearly, most countries want to file an application without being subject to this standard. These countries want the U.S. to drop the requirement, at least for foreign applicants. Article 103 retains the option,

*323 at U.S. insistence, that a country may require a best mode. A revised article 103 submitted by the West German delegation deleted this option. The U.S. opposed the revised provision, explaining best mode is a way to prevent concealment of the most valuable information available at the time of filing about an invention and the provision serves the public interest.

The U.S. delegation pointed out that the terms used in rule 103, such as "specify the technical field or fields to which the invention relates", disclosing the "technical problem", and "its solution" might be too restrictive. Several government delegations mentioned these terms were accepted in the PCT text. The U.S. delegation pointed out that PCT was an agreement accepted many years ago, and it affected a much smaller number of applicants. The U.S. stated that careful review of these terms is warranted in this agreement, because it affects all patent applicants in a country.

4. Article 104 and Rule 104 -- Claims.

In summary, article 104 and rule 104 were clarified in several respects, but there is a basic disagreement over how multi-dependent claims should be used. A new provision on amending claims during prosecution will be considered at the next meeting.

Article 104 and rule 104 have detailed requirements on claim form and content, and they limit what other requirements a country may add. While Article 104 contains general principles that all countries follow, there was a question raised about the use of the word "concise". The U.S. delegation stated that U.S. PTO patent examiners who visit the EPO were under the impression that this term was used to restrict the number of claims in an application. It was agreed to change the wording to make clear it was each claim that had to be clear and concise.

Rule 104 specified two, optional, formats for a claim, the two-part type used in the EPO and in many other countries, and the one paragraph claim used in the U.S. Either of these formats will be acceptable under this draft provision. There was no discussion of a problem mentioned at earlier meetings concerning part one, of a two part claim, being used as an admission of what was prior art. The current text appeared to satisfy that concern. The current version of rule 104 makes a significant effort to avoid that conclusion, where it states that the first part describes what "appears to be the prior art". The draft treaty remarks on rule 104 make this point even clearer, by stating that prior art cannot be based alone on the statement in part one of a 2-part claim.

Discussion on article 104 and rule 104 continued, with the U.S. delegation raising several other issues. It proposed changing a phrase in rule *324 104, to give more flexibility. As the provision stood, it appeared to eliminate almost completely reference to a drawing or description in a claim. New technologies, such as biotechnology, may need this approach. An argument against this change was that the PCT uses the same wording. The U.S. pointed out that the PCT was written many years ago, and the statement needs to be updated. The consensus was to use language that allowed such flexibility.

The U.S. objected to the provision allowing multi-dependent claims to depend on multi-dependent claims, stating it was objected to by the U.S. PTO and some industries. The U.S. PTO does not follow this practice. Several other governmental delegations stated that the reason for this provision is to allow for one set of claims for worldwide filing, and it improves claim organization and saves space. It is an important harmonization point for many countries. The vast majority supported the current WIPO draft that allows this practice.

The NYPTCLA recommended that there be an opportunity to amend the claims up to the time prosecution is closed. The idea received considerable support. It will be proposed in the next WIPO draft. The U.S. suggested that rule 104 was too limited, when this rule stated that claims in dependent relation must be in the same "category". The consensus was to keep the present language with the remarks explaining that the term meant limiting the claims to product or process categories.

5. Article 105 and Rule 105 -- Unity of Invention.

In summary, there appears to be substantial agreement on article 105 and rule 105, after one important change.

Article 105, which states the basic unity of invention principle, was accepted. Rule 105 was changed by consensus, following a U.K. proposal, that allowed more flexibility in identifying what technical features support unity of invention. The U.S. spoke in favor of this change. Rule 105bis, guaranteeing the right to file divisional applications, received strong support. A provision will be added to allow filing of divisional applications for any application, on applicant's initiative. There was no significant discussion of the extensive remarks in the WIPO draft treaty document, explaining the unity of invention practice under rule 105. The U.S. delegation submitted these remarks at an earlier meeting, to define the practice it favored.

6. Article 106 -- Publication of Application.

The Chairman's summary on article 106 was: (1) A large majority favor mandatory publication; (2) a majority of the governmental delegations favor the Swedish approach; (3) there remains to be resolved how to handle special cases of withdrawal before publication and when *325 publication must occur after 18 months, and (4) the manner of publication may need to be clarified.

Article 106 and its related rule 106 require automatic publication of each patent application after 18 months from the priority date. The Swedish delegation submitted a modified version of article 106. In this approach, the details of when an application was published would be left to national law. It stated that the application should be published

as soon as possible after 18 months. The Swedish approach was well received, because in fact patent offices need some flexibility to adjust for special situations.

The U.S. surprised some delegations when it stated its position on application publication, based on the recent ABA vote on that issue. In essence, the U.S. delegation pointed out that U.S. applicants should have the right to know what patent protection they will receive before deciding whether to have the application published. WIPO expressed a concern that if this provision was changed, to drop publication, it would have a domino effect on other provisions requiring publication, like article 307(2) on provisional protection and article 202 on prior art effect.

The discussion on article 106 from government delegations, generally, was not supportive of the U.S. position. They emphasized that most countries now publish applications automatically, as soon as possible after 18 months from the priority date. They mentioned that the Patent Cooperation Treaty (PCT) has an automatic publication procedure at the same point. The arguments used in support of publication included the public benefit from promptly learning the contents of pending applications. The discussion also brought out that the publication is not always exactly at 18 months, because of several circumstances usually beyond the patent offices' control.

The discussion pointed out that the nature of the publication is recognized to be broader than a printed document. Computer files made available to the public are a publication, as this term is defined in article 106.

Mexico and Bulgaria do not have automatic publication at 18 months now. They supported the principle and indicated they would change their laws.

If the Swedish version of article 106 is accepted, all reference to withdrawal procedure now in article would be deleted, and it would be a matter of national law.

After the government delegations spoke, the non-governmental organizations addressed article 106. The ABA delegation explained its position against automatic publication. The NYPTCLA representative reported its organization favored publication only if a search report could be received before a decision had to be made on publication. An automatic publication system is acceptable only if this notice is given. The New York organization also wanted to insure that an application, if abandoned by decision of an applicant, can be reinstated when the application is mistakenly published by a patent office. The IPO representative expressed his personal opinion, that from his company's point of view, 18 months is acceptable, but his organization's board had not taken a vote on that point yet.

Several organizations spoke in favor of receiving a search report promptly, before a foreign filing decision must be made. Several governmental delegations mentioned that the problem with a prompt search report is the late Convention application (in the 12th month), leaves the office without enough time to conduct a search before the 18 month publication deadline. Most of the organizations generally supported article 106, instead of

the Swedish text, because the WIPO version specified the application withdrawal procedures. They also pointed out that search reports will be received, usually, within 9 months from the U.S. PTO and EPO for a national filing. This means that under the WIPO text an attorney who files a national application in these offices can act to prevent disclosure, in the few cases where withdrawal is appropriate.

7. Article 107 -- Time Limits for Search and Substantive Examination.

The Chairman's discussion summary on article 107 was: (1) paragraph one, requiring prompt search reports, received very little support; and (2) more effort should go into working out an acceptable approach to paragraph two on a maximum time to start examination and reasonable time to complete it.

Article 107, a U.S. proposal at the December 1988 meeting, was not discussed in detail. It requires a search report on all applications in an examining country, and the report must be published within 24 months from the priority date. Several government delegations expressed concern over having to issue a search report separate from their normal examination report. The U.S. delegation explained that its main emphasis was paragraph two of article 107, requiring that in all countries where there is examination, it begin no later than 36 months from the national filing date. The U.S. delegation pointed out that many countries now allow applications to lay dormant for 7 years and begin examination at that time, taking a total of 10 years or more to issue the patent. The U.S. delegation stressed that it was important to finish this examination promptly, so that only the appeal process remains to be completed.

*327 The government delegations were concerned about their lack of financial resources to carry out this added work. The Danish delegation spoke in favor of the proposal, because it represented an improvement in the effectiveness of the world's patent systems. The Danish delegation added that the present world patent systems are publication intensive, without examination, leaving the patent owner with no clear situation on patent rights relative to these dormant applications. WIPO spoke in favor of systems that issue patents more promptly, to make patents most effective. Article 107 was supported, generally, by the U.K. delegation. Its patent system allows a maximum of 4.5 years from priority for the patent to issue.

Several non-governmental organizations from the U.S. supported article 107, primarily focusing on paragraph two. They emphasized the need for a strong patent system that includes reasonably prompt patent examination. They stated that this provision only asks that the existing systems of deferred examination be cut from 7 to 3 years, for the beginning of examination. It asks that the examination be accomplished over a reasonable time period. Their final point was that this step is important for industry, so it can know what patent rights will exist and make better business decisions.

8. Article 108 -- Administrative Revocation of Patents.

The chairman's summary on article 108 was that a general agreement seemed to be reached, that the specifics for opposition and reexamination process should not be defined in the next draft of article 108. WIPO will work on an alternative version of this article, making it optional for each country to select whether to have post-grant opposition or only reexamination. There should be another version that states the position of some countries that post-grant opposition on most issues should be mandatory. These alternative provisions will be discussed at the next meeting and it may be that they will be left in the draft treaty, to be resolved at the diplomatic conference.

The discussion on Article 108, administrative revocation of patents, immediately focused on the U.S. initiated proposal, expressed in article 108(3), to prohibit all pre-grant oppositions. Most governmental delegations were favorable to eliminating the pre-grant opposition. One reason mentioned in support of this change was that a patent will issue sooner. It gives the patent owner a better bargaining position, because the delay in issue is not a factor in the opposition process. Even some countries which have pre-grant oppositions stated that they are planning to eliminate them. It was stated that this trend is due, in part, to the fact that the EPC uses only post-grant opposition. The Japanese and *328 Australian delegations objected to this proposal, preferring to retain their pre-grant oppositions.

The U.S. delegation rejected the basic approach of article 108(1) that made mandatory a post-grant opposition and optional a reexamination system based only on printed publications. The U.S. delegation proposed an optional approach, where a country could select either one of these patent revocation procedures. It argued that a patent office reexamination of validity, other than on publications, was too great a burden, and in the U.S. the courts were better equipped to handle those issues. Several government delegations supported the U.S. proposal, but a significant number favored a mandatory, multi-issue, post grant opposition for a limited period, as proposed in article 108.

The discussion continued with a reminder from WIPO that the goal of article 108 was to shorten procedures for patent issuance. Since there was such a divergence of view on how to arrange oppositions and reexamination, WIPO suggested consideration of giving each country the right to select their preferred post-grant approach, setting the time limit for post-grant opposition to a reasonably short interval and allowing reexamination to continue for the patent life. It was pointed out by one delegation that using only the post-grant opposition saves the patent office money in publication cost. Only the opposed patents need to be republished after the opposition. It was stated that in the EPO the post-grant oppositions amount to approximately 4% of the issued patents. The EPO also found that fewer oppositions were filed, probably because of the fact that adequate time was given to consider whether to oppose.

9. Article 109 -- Priority Claims.

On article 109, the Chairman noted that WIPO will prepare a revision, based on what is permitted under the Paris Convention, taking into account the concerns expressed on the time for filing a late application or claim.

Article 109(1), allowing for late filing of a priority application and retaining the priority date, where there is no lack of due care, did not attract much interest. Several government delegations mentioned that they allow applicants to file a priority application late, if the delay was not due to a lack of care, such as postal emergencies. Some countries allow late priority claiming on the same grounds. The discussion raised several issues, including whether the PC permitted late filing of a Convention application. The ABA generally favored article 109(1), but it urged a study by WIPO on the PC issue.

Article 109(2) on the late claiming of priority, where a priority application was filed within the PC one year period, and there is no lack of *329 due care, received some general support. Several government delegations pointed out that this practice is followed in some countries. A problem mentioned was meeting the 18 month publication requirement. It was suggested by some delegations that a very short time period, no greater than the proposed two months, be allowed to make the claim.

10. Article 110 -- Changes in Patents.

In summary, article 110 will be revised by WIPO to retain the principles on which a consensus was reached, and to leave the other aspects to national law, thereby simplifying the provision.

Article 110 permits change in patent text and drawing. The U.S. delegation proposed that good faith and the existence of an error be required. The U.S. delegation stated it did not feel strongly about the need for harmonization on this article. Its proposal was aimed at simplifying the article. The extensive discussion indicated some government delegations considered the U.S. and WIPO versions too complex and agreed that there will be little need to harmonize on this provision. Other governmental delegations wanted an article in the draft treaty on this practice, because such situations occur often. The concept of requiring an error was not favorably received.

There was general agreement that obvious mistakes and clerical errors could be corrected, if they were made in good faith. Another consensus formed that the text and drawings could be changed to limit the scope of protection. There was general agreement that this provision could not be used to expand the scope of protection, e.g. by expanding the meaning of terminology in the text that is also in the claims. These very general principles would be subject to a requirement of good faith and intervening rights, if any substantial alternation in the patent protection occurred, and there was reliance on the original scope.

11. Article 201 -- Patentable Inventions

In summary, a lot of fundamental questions were raised on article 201. Most of the comments favored continuing the present WIPO framework, while examining alternative proposals at the next meeting.

Articles 201 and 202 are closely interrelated, the former dealing with a definition of patentability, which includes a requirement for novelty and inventive step (non-obviousness), and the latter determining when a patent application is prior art. The U.S. requested that the requirement of "industrial applicability" be deleted from the definition of patentability and the "useful" requirement be used. Many governmental delegations objected to this proposal, because their laws use the first-mentioned phrase. They asked that the term "useful" be deleted. The U.S. explained that its concern is that the phrase it objected to could *330 be used to exclude patents on new technology, especially biotechnology. A consensus was reached to continue use of both terms, as a compromise.

The U.S. and a non-governmental organization questioned whether the novelty definition in article 201 was consistent with important features of U.S. law. The discussion revealed that the current WIPO proposal defines novelty as based on a public disclosure concept only, while U.S. law has a novelty bar for secret commercial use or an on-sale that does not result in a public disclosure. Also, the U.S. gives prior art effect for certain secret knowledge. WIPO will review what changes may be appropriate, but the majority of the governmental delegations, not including the U.S., wanted to keep the proposed novelty definition, since it followed their law.

The U.S. proposed specific language to change article 201, so that it states "A Claimed invention shall be considered novel if each and every element of the claimed invention is not disclosed in a single item of prior art." It was stated that this definition follows present U.S. law. The discussion pointed out that this definition needs some flexibility, in the opinion of several governmental delegations. They indicated that a broad concept is required when a public use or a related set of documents are considered, and the U.S. proposal did not allow such flexibility. They asked novelty include inherent and implied changes in one item of prior art, using an elastic approach to novelty found in some countries. There were other phrases in article 201 that raised questions. There were some comments that questioned whether a definition of novelty was needed.

12. Article 202 -- Prior Art Effect of Certain Applications.

In summary, the discussion showed that article 202 is closely related to article 201, on the definition of novelty. There was no clear indication that any room existed for compromise, between the U.S. position and the majority view of other governmental delegations, on the prior art effect of a pending, unpublished application. A clear division exists on the self-collision provision of article 202(4), between most governmental delegations on one side, and the U.S. and most non-governmental organizations on other side.

It was pointed out that Article 202, on prior art effect of certain applications, requires a definition of novelty. The U.S. delegation proposed that an unpublished application be used from its priority date as prior art for novelty and non-obvious purposes. It was pointed out that the WIPO approach, to use an application before its publication only for purposes of novelty, might permit patents to be granted on small improvements. There were several governmental delegations that considered the U.S. proposal unfair to applicants, because they did not know *331 of the unpublished applications. Further, they stated that their inventors would be opposed to any other system than the one that uses the WIPO approach (EPC follows this practice). The majority of the governmental delegations were not willing to accept the U.S. proposal.

There was no significant discussion on the part of article 202 that gives the prior art effect of an application and patent from its priority date.

There was extensive discussion on article 202 regarding the self-collision provision of paragraph (4). The U.S. requested it be mandatory, and not optional as now proposed. It stated that the provision encourage full disclosure. There were many governmental delegations that spoke against the U.S. position. They considered procedures in all countries were adequate now. The non-governmental organizations strongly supported a mandatory provision. The discussion resulted in a clear division of opinion, so alternative provisions will be prepared by WIPO for the diplomatic conference, if no major change in position occurs before then.

There was discussion on having a provision to harmonize on internal priority procedures. WIPO will work on this proposal.

13. Article 203 -- Grace Period.

In summary, the text of article 203 on grace period is acceptable to all delegations. It was made clear that a majority of the government delegations will accept the proposed one year only if the U.S. accepts first-to-file (FTF).

Article 203 on grace period has been discussed at many meetings of experts, and the discussion continued at this meeting. It was emphasized by some non- governmental organizations that research universities should find this provision helpful.

The U.S. delegation stressed that the grace period provisions should not be subject to change, without a unanimous vote of member countries. Several delegations mentioned that acceptance of a one year grace period was a compromise on their part, and an important part of the package to get the U.S. to adopt first-to-file. Several of these countries prefer a 6 month grace period, to discourage delay in filing and to avoid uncertainty in predicting patent rights.

14. Article 204 -- Exclusions from Patent Protection.

In summary, article 204 appears to be in proper form to define the alternative positions that will have to be resolved at the diplomatic conference.

The alternative A approach to Article 204, on what subject matter can be excluded from patent protection, was strongly supported by most governmental delegations and non-governmental organizations. It *332 allowed no exclusions, with some phase-in arrangements. Several developing countries spoke against alternatives A and B. Alternative B did not permit exclusion and granted no phase-in time. Their views were based on governmental policies to treat some technologies differently under their patent systems.

WIPO pointed out that GATT will deal with this issue at its next conference, which meets before the next meeting on this draft treaty. It should be clear after the GATT meeting whether this subject should be considered in this draft treaty. The U.S. delegation stated it is not likely that any delegation will change its position until the diplomatic conference.

15. Article 301 -- Right to a Patent.

In summary, there was general agreement that the text of article 301 can be improved. Most governmental delegations want the FTF provision. The U.S. delegation did not commit itself in any way to accepting FTF, either with or without any specific package of other provisions.

Article 301, the provision defining a right to a patent and the FTF principle, was discussed extensively, using several proposals to improve the text. There was a consensus that these proposals improved the provision. The text should state the patent goes to the person who files first, not one who has a prior invention date.

Several governmental delegations repeated their statements from other meetings that FTF was an essential provision for them to enter into this agreement. The U.S. delegation did not make any statement about FTF. The NYPTCLA did state that there was a trend in the U.S. to support FTF, if other safeguards are provided.

16. Article 302 -- Rights Conferred by a Patent.

In summary, article 302 was one of the most debated provisions, because of its effect on patent rights. It will be revised, and more debate can be expected at the next meeting.

Article 302, on rights conferred by a patent was discussed extensively. The U.S. stated that this article was extremely important, and it supported Alternative A, in principle, particularly the right to prevent assisting and inducing infringement. Most governmental delegations supported Alternative A, except there was considerable objection to the

assisting and inducing terms. These terms were considered vague. There were several suggestions on how to improve the wording of article 302(1), concerning patent rights for product inventions, that did not change the scope of patent rights.

The U.S. delegation urged deletion of the term "importing" in article 302(1)(ii), because of a pending GATT proceeding. It explained that *333 the term "importing" is not in the U.S. patent law, and other terms in the patent law cover essentially the same scope. The U.S. wants the option to leave this term out of its patent law, if the GATT dispute requires its removal. The majority of governmental delegations wanted to have the assisting and inducing terms deleted and to retain the importing term.

On article 302(2), defining the patent rights for a process, an extended discussion occurred on the word "directly" in the phrase "in respect to any product directly resulting from the use of the process." The U.S. objected to the term "directly," because it limited the protection scope. WIPO will work on another statement to give a more reasonable scope of protection.

The discussion on article 302(3) was very intense, even at the late hour of the day. In general, the discussion focused on what standards should be used to define when a third party will have a right to use a patented invention. All the terms that created this exception were examined closely, to see if they were vague and might substantially limit the value of a patent. A consensus developed around a principle that the exceptions would not be applicable where a commercial purpose was involved in the third party's use. WIPO will work on a revised draft provision incorporating this consensus.

The U.S. delegation requested deletion of article 302(3)(iv), relating to an exclusion for extemporaneous preparation of medicine, under certain circumstances. It considered the provision vague. There was support for the U.S. position, at least to clarify the terminology, by limiting it to very special, almost emergency cases. WIPO pointed out that this exception has been in the patent laws of several countries for many years. WIPO will work on clarifying this provision.

Article 302(4), on contributory infringement, was supported by the U.S. delegation. It pointed out the provision sets a minimum standard and countries can increase the rights, but they cannot have less rights. One comment by a governmental delegation, supported by a non-governmental organization, was that the acts of contributory infringement should occur within the jurisdiction of the country issuing the patent. There were several other suggestions for clarifying the language, but the general principle of contributory infringement was favorably received. WIPO will consider whether better wording can be found.

17. Article 303 -- Reversal of Burden of Proof.

In summary, there appears to be a consensus developing on article 303, centered on a West German proposal, but further discussion is necessary on a revised text.

*334 Article 303, on reversal of burden of proof for processes used to produce a product, created considerable discussion. The U.S. and West German delegations had separate proposals, along the same line, that the burden should shift to the defendant at least when the product is new. The West German proposal left it to the national law on how to handle situations when the product is not new. Several governmental delegations quoted the U.S. congressional debate on this topic, to illustrate how controversial it is. The U.S. proposal also allowed a court to weigh the fairness of requiring a shift in burden. The West German proposal received substantial support. It will be reviewed by WIPO to improve the wording.

18. Article 304 -- Extent of Protection and Interpretation of Claims.

In summary, article 304 appears to be close to a consensus, centered around the French proposal, but it will need further discussion.

Article 304, on the extent of protection and interpretation of claims, was the subject of a lot of behind the scenes discussions and redrafting. The cooperation between the U.S., other governmental delegations, and non- governmental organizations was impressive. Proposals from the U.S., France and the Netherlands were used to develop the basics for a new provision. The French proposal was the foundation for the compromise, with a statement of general principles on the role of a claim and how it should be interpreted. The same approach was used to state the principles of file wrapper estoppel and doctrine of equivalents. The discussion showed that the French proposal should receive strong support. WIPO will consider whether it can be improved further, in view of the comments.

It was interesting to observe that many governmental delegations, (not the U.S.) referred to the recent CAFC, Texas Instruments (TI) case as demonstrating a narrow U.S. approach to the doctrine of equivalents. The U.S. delegation correctly pointed out that the TI case is one of several recent cases on this subject, and that the doctrine of equivalents is receiving strong support from the courts, generally. The Japanese delegation had some reservations on the various proposals, to be sure they were complete and clear. WIPO will prepare a revised draft.

19. Article 305 -- Term of Patents.

In summary, article 305 is quite controversial, and a subject that will go to the diplomatic conference with alternative provisions. WIPO will attempt to clarify the relation of this provision and national internal priority. The minimum term of 20 years has majority support.

There was extensive interest in article 305, that sets a minimum patent term of 20 years from the filing date. Several developing countries *335 spoke out strongly that they could

not accept such a long term, either because the term was too long for all patents, or because it was too long for some technologies. WIPO pointed out that the issue of minimum patent term is before GATT, and it will be interesting to see what happens there. Article 305 also provided for a transition period of 5 years for countries who had shorter terms and 10 years for developing countries. The U.S. delegation supported the 20 year term from the earliest national filing date on which the claimed subject matter is based, and opposed any transition periods. A few governmental delegations suggested putting a cut off, to a flat 20 years, not allowing longer terms based on national laws.

The U.S. delegation raised a question about how this article and national internal priorities would work for continuation-in-part (CIP) applications. Several government delegations explained how patent term is determined in their patent systems. In West Germany, the second application, on the improvement, is given a patent term beginning from its filing date. The earlier, basic invention application, is given a patent term from its filing date. It is necessary not to abandon the first application to retain the filing date and patent term for that subject matter. It was explained that a unique situation exists under the draft treaty system that requires 18 month publication. The published parent application becomes prior art for novelty and level of invention determinations, narrowing the time available to file on some improvement inventions.

There were several comments from U.S. organizations that patent offices must be responsive to the need for prompt prosecution, so that there is a significant patent term. Many of these organizations opposed the use of transitional periods.

20. Article 306 -- Maintenance Fees.

In summary, article 306, on harmonization of some aspects of maintenance fee filing, was not supported at all. The patent offices have no interest in changing their financial and administrative procedures on maintenance fees. It will not appear in the next draft treaty.

21. Article 307 -- Remedies.

In summary, article 307(1) will remain general, identifying only the actual damages and at least a reasonable royalty. Further requirements will be governed by national law. Article 307 needs to be revised substantially, to clarify the principles and procedure followed for infringement during application pendency.

Article 307(1) sets minimum remedies that must be available for patent infringement. There was consensus that the right of injunction and *336 damages should be included. The U.S. delegation stated that damages should be included. The U.S. delegation stated that damages should be at least a reasonable royalty, and it urged that willful infringement at least be mentioned as one form of damage recovery in some cases. There was no general support for going into detail on any remedy.

The discussion of Article 307(2), on remedies for provisional protection, began using proposals from France, Japan and Sweden and the WIPO provision. The majority of governmental delegations favored deleting any injunctive remedy before the patent issues, leaving only the damage remedy. These damages would be based on the published claims and the patent claims. There was a lot of discussion on how to phrase the relation necessary to find infringement. It appeared that the principle to be discussed in the next draft will be whether there is infringement of a published claim and a patent claim, to show the continuity of protection that results in damages before a patent issues. This approach would mean that no suit for damages could be brought before a patent issues.

The question of what would be the measure of damages under article 307(2) focused primarily on two alternatives, actual damages, reasonable compensation, or at least a reasonable license fee. The first two measures of damages appeared to be favored, as the third one is part of the second approach. The question was raised by several governmental delegations whether there is a need to harmonize on when a suit can be brought and related matters.

The Japanese delegation raised a question whether the patent owner must give notice to the infringer of the infringement during the time when the patent application is pending after publication, if provisional rights are to be enforced. The U.S. delegation preferred formal notice. It pointed out that over 500,000 Japanese patent applications are filed each year, and there are over two million pending Japanese patent applications that have been published. It stated that an industry needs to know if it is going to be liable for damages under one or more of these applications. Another alternative discussed was to rely only on the patent application publication as notice, as is the case now in several European countries. The Japanese delegation stated that formal notice should be required, in some countries, like Japan, because claims that are enforced may change during prosecution, after publication. The consensus seemed to be that only the published claims could be used to determine infringement before the patent issues.

22. Article 308 -- Privilege of Prior User.

In summary, article 308 on prior user rights, has many points on which *337 there is disagreement between the U.S. and Japanese delegation on one side, and most of the other countries on the other side. The majority support a broad approach, including the prior user rights being based on information from an article by the inventor, published during the grace period. There is some support for worldwide use as a basis for prior user rights. WIPO will revise the provision to present these alternative views for discussion at the next meeting.

The discussion on article 308, prior user rights, was intense. The Swiss delegation presented that a revised article 308 that received general support. It was pointed out that the WIPO version was limited to prior user rights if the use existed at the time of filing, while the Swiss provision was broader. It allowed prior user rights if the activity occurred

before filing and was continued, subject generally to the same qualifications that the WIPO text used.

A major division occurred, with one group consisting of the U.K. and European and Scandinavian countries insisting on mandatory prior user rights, along the line of the Swedish proposal. This group appeared to insist that the prior user right apply when the inventor published the invention during the grace period and the prior user utilized that disclosure as the basis for its work. The other group consisting of the U.S. and Japan, took the position that prior user rights should be left to national law.

The U.S. delegation stated a substantial number of U.S. attorneys rejected prior user rights for the U.S., and it would make passage of this treaty difficult, if not impossible, if this provision was retained. This view was supported by the ABA. The IPO stated that there are many attorneys who support the prior user right principle, but there is nothing now in the U.S. law that gives that right. The AIPLA indicated it is not opposed to prior user right. It agreed the topic is controversial and hoped more education might change the opinion of some persons. It reported that a survey of some U.S. research directors showed they favored a prior user right. The AIPLA opposed a prior user right when the work is based on the inventor's publication during the grace period. The NYPTCLA spoke against a prior user right based on the inventor's publication during the grace period.

The scope of mandatory prior user rights was discussed. Article 308 limits the acts on which prior user rights are based on occurring in the country issuing the patent. Most government delegations favored this approach.

Article 308 has specific requirements on what type of use would qualify for a prior user right, but these points were not discussed in detail, due to the disagreement on the basic requirement for prior user rights. The *338 U.S. delegation suggested that a provision with generally acceptable requirements could be included in the treaty and made optional.

23. Articles 401 -- Assembly, 402 -- International Bureau, 403 -- Regulations, 601 -- Revision of the Treaty, and 602 -- Amendment of Certain Provisions of the Treaty.

In summary, articles 401, 402, 403, 601 and 602 will be the subject of further discussion, especially to identify what substantive provisions can be changed by less than a unanimous vote.

The discussion of voting procedures was very short. It involves articles 401, 402, 403, 601 and 602, which provide that a decision to change the treaty may require a majority, four-fifths or a unanimous vote, depending on the topic. The U.S. delegation stated that several substantive provisions should require a unanimous vote, including the right for a country to have the best mode requirement (rule 103, subparagraph V) and use a one paragraph claim form (rule 104, subparagraph 3). The U.S. also mentioned it wanted changes in all substantive provisions decided by a diplomatic conference. It was agreed

that in the next draft there will be a provision where the unanimous requirements can be listed.

24. Article 501 -- Settlement of Disputes.

In summary, article 501 will be discussed at the next meeting, after it is clearer what options are available for including such a provision in this draft treaty.

Article 501, a method for resolving disputes over compliance with the treaty, was not discussed in detail. WIPO indicated that a similar approach was used in the chip treaty, and it pointed out there are deliberations in GATT on a dispute resolution process. WIPO also stated that a separate conference in early 1990 will discuss a dispute resolution treaty. All these events will be watched closely by WIPO, to evaluate their impact on the draft treaty.

25. Articles 601 and 602 (see article 401).

26. Article 703 -- Patent Cooperation Treaty.

In summary, Article 703, on relation of the treaty to the PCT, did raise some concerns. It was agreed that the next draft treaty will list provisions in PCT and this draft treaty that are in conflict.

27. Articles 701 -- Becoming Party to the Treaty.

In summary, further drafting of article 701 must await inputs from the governmental delegations on what approach may be acceptable to allow supra- national and intergovernmental organizations to become a party to this agreement.

*339 The discussion on article 701 started with WIPO pointing out that a major issue is how to treat supranational or intergovernmental organizations, like the EEC, EPO and GATT, who are participating in these discussions. Article 701 allows them to become a party to this treaty, under certain circumstances. The U.S. delegation said the U.S. has this matter under study.

Many governmental delegations expressed concern over such organizations having a vote that would be in addition to the votes of the countries that formed the organization. There was some support, in principle, for having such organization as members, but the membership requirements need to be spelled out in more detail. It was mentioned by several governmental delegations and WIPO that this same issue was settled at the recent chip treaty conference, but the details of that solution were not discussed at this meeting, in sufficient detail, to judge whether the same solution could be used for this treaty draft.

28. Article 704 -- Reservations.

In summary, article 704 was discussed only briefly, to mention that it will be a subject at the diplomatic conference.

Discussion at this meeting appeared to assume that all members would accept every provision, i.e., no reservations. Article 704 is written this way. The only indication of a different intent has been from some developing countries, that indicated they would like to take a reservation to one or more provisions.

29. Article 705 -- Denunciation of the Treaty.

In summary, the withdrawal of time limit in article 705 will be the subject of discussion at the next meeting.

Article 705, on denunciation of the treaty, was discussed in terms of the time allowed for a party to withdraw. The Japanese and U.S. delegations wanted a one year notice provision, not the proposed two years. WIPO pointed out that this provision works two ways, with a longer period helping to discourage withdrawals, creating a stabilizing influence and more reliable planning.

Section IV -- Issues for the U.S. to Resolve at the Meeting of Experts or at the Diplomatic Conference.

At the next meeting of experts and in preparation for the diplomatic conference, the U.S. delegation will have to take a position on many issues. The meeting of experts is the place to present the U.S. position and work with the other delegations to win acceptance, or at least have the proposal included as an alternative for the diplomatic conference. The diplomatic conference will decide which alternative to use, or *340 whether a modification will be more acceptable. This section briefly analyzes some of the issues that will be considered at the next meeting and the diplomatic conference. The reader should refer to Section II, above, on how the TPS may function relative to current law, and the preceding Section III, that reviews the 7th meeting of experts, for more background on these issues.

1. Administration

(a) Once the provisions are in acceptable form, another concern is what procedures will permit treaty changes. The U.S. delegation has identified several provisions that should require unanimous consent, i.e., a U.S. veto. These provisions are the best mode disclosure [R103(v)] and use of a single paragraph claim for [R104(3)(ii)]. What other

provisions should be in the same category? It is recommended that at least the following provisions be included in this group:

(1) The maximum 36 month deferred examination maximum (A305), since it involves a major commitment by some governments and represents a significant factor in possible U.S. adherence to the treaty.

(2) The prior user rights provision (A308), because of the sensitivity of this issue in the U.S.

(3) The agreement reached on publication control (A106). It will be a part of the U.S. patent law that has significant effect on U.S. trade secret protection. A calming step would be to see that the agreement reached cannot be changed without U.S. approval.

(4) The one year grace period (A202), since it is perceived as a major change that benefits U.S. interests.

(5) There are other provisions that come close to justifying inclusion in this veto proof group. Serious consideration should be given to requiring a 3/4 vote to change the treaty, keeping in mind that there are now 100 countries that are members of the Paris Convention. More countries are joining every year. It is likely that TPS will have a large number of members. The 3/4 vote removes some of the potential impact of political groups and requires cooperation to amend the treaty. Three-quarters of the members is a reasonable number to convince that a change is wise.

(b) Another question is whether the European Patent Office (EPO), the European Economic Commission (EEC), and similar organizations be given a vote [article 701]? This issue should be resolved easily, if the organization does not have a separate vote that adds to the *341 total number of votes for the countries that formed the organization.

(c) A further question is whether the proposed process for settling disputes between countries is acceptable [article 501]? The dispute resolution process sets up review committees. Ultimately the assembly, all member countries, will have to decide who is right. This process is a vast improvement over the Paris Convention, where no mechanism, except the World Court, is available to settle disputes.

It is important to decide what time limit should be placed on when a member can withdraw from the treaty [article 705]. This decision is best left to the diplomatic conference, when it is clear what the treaty content is. A short period, say 1 year, would be a good compromise, and the U.S. has mentioned that time period in one of the debates. On the other hand, a 2-year period would encourage more discussion, to resolve differences before a member withdraws, if there is room for adjustment.

(d) Should a country be permitted to take a reservation to any provision in the treaty [article 704]? This topic is the focus of attention for developing countries. They want to take reservations to several articles, especially the wide subject matter scope of article 204 and patent term (A305). The U.S. has stated there should be no reservations or transition period to bring the treaty into effect. This position may have to be adjusted, for acceptance by developing countries.

2. Patent Application Preparation and Filing.

(a) Should a translation be required to obtain a filing date, [article 101(1)]? This change is essential for any significant benefit from this treaty provision. There is much evidence that one of the major problems in some countries is to obtain a good translation. It takes time. This provision will allow a reasonable time for a quality job, without effecting the filing date. The problem of having an application in a foreign language as the filed application is not a major difficulty for patent offices. Several countries follow this practice now.

(b) Whether the application description should be based on a reference to a filed application in another country, to obtain a filing date [article 101(3)]? This proposal has attracted a lot of interest in the U.S. A fundamental question is whether the increased use of PCT will reduce the importance of this provision? Article 101(3) has a definite advantage in late filing situations. The U.S. should work to have this provision included.

*342 (c) Should a provision be added to allow correction of the application translation, where the filed application is in another language? This provision is an essential step in seeing that the inventor receives full benefit from the national application. Errors that occur because of translation should not be a penalty. A provision on this point should be added.

(d) Whether an inventor can refuse to be named in patent documents, after being named in the filed application [article 102(2)]? There is no apparent problem in the U.S., under privacy laws, with naming an inventor in a patent or other document referring to the patent. This provision could create serious problems. Ownership rights may be put in questions, if an inventor refused to be named. The U.S. should work to have this provision removed.

(e) This treaty is an excellent opportunity to unify another important practice relating to naming inventors. The U.S. law now allows changing inventorship on an application or patent, if there is no fraud involved in the original determination (35 U.S.C. section 116). The inventorship change does not affect patent validity. It would be very useful if this principle was included in the treaty.

(f) Are the requirements for the application description too limited, in view of new technology, even though the same terms are used in the Patent Cooperation Treaty (PCT) [R103(1)]? There should be a lot of flexibility in what the description format and content is. This provision gives that flexibility, even though it sets specific requirements for most situations. These requirements are not inconsistent with U.S. practice.

(g) Whether the U.S. should be free to require the best mode description [R103(1)(v)]? A good way to have this treaty effort end, in the U.S., is to eliminate the freedom for the U.S. to include in its patent law that the best mode at the time of filing must be disclosed in the application. It is an important part of the benefit the public receives from the U.S. patent system. There is some suggestion that a FTF system does not allow time to check on such details. Many foreign attorneys consider this law too vague. In practice, it is quite

easy to follow. Under a FTF system, the applicant wants to file on everything, so the best mode should be included without any extra work. It has not been possible to convince other governments of the wisdom of following this principle, so the strategy should be to give the U.S. the option to require the best mode.

(h) Should a claim reference a drawing or description, when the technology requires it [R104(4)]? Several U.S. organizations have *343 raised questions about the apparent inflexibility of this provision. The U.S. is trying to get it broadened. This change is essential. This provision could prevent adjustment of U.S. practice to new situations, as technology develops. A statement like the one in rule 103, allowing flexibility, depending on the circumstances, would solve this problem from a U.S. point of view.

(i) Whether multiple-dependent claims should be allowed to depend from multiple-dependent claims [R104(5)(b)]? U.S. PTO rules do not allow such a practice. The argument made by the advocates of this provision is fairly convincing. It would allow one set of claims for filing in each member country. This procedure should reduce the number of claims, saving space and money, usually.

(j) Should there be a right to make a late claim for priority, within limits, where the application has been filed on time [A109(2)]? This provision does not appear to address a very significant problem.

(k) Does the Paris Convention permit late filing of a priority application and, if so, should there be a right to do so, within limits [article 109(1)]? While some countries allow this practice, it seems to give an unjustified expansion of the priority right under the Paris Convention. Since its validity is uncertain, there is good reason to not include it in this treaty.

(l) Should the U.S. adopt a FTF system? This issue has been debated extensively at conferences and in the literature. Most of these arguments will not be reviewed here. [n.17] A point not discussed sufficiently, by others, is whether to incorporate a transition period for FTF, to reduce the impact of change on U.S. industry. This topic is discussed below in section 6.

Another important point is that the draft treaty should be looked at as a whole, weighing the benefits and losses. FTF is an integral part of many features of this system. It makes TPS work fairly and equally *344 for persons in all countries. If there are other benefits of a FTF based system that are desired, it is part of the package that FTF must be accepted. A first- to-invent (FTI) system would raise too many uncertainties and inefficiencies if applied on a worldwide basis, which is the only way to achieve equal treatment and more harmonized systems using a FTI approach.

The FTF issue has overshadowed serious discussion in the U.S. of many other features of the draft treaty. The facts are that almost all countries use a FTF system. U.S. industry, through their patent specialists, must adjust their practices to a world that uses a FTF system, if any foreign protection is desired.

3. Patent Prosecution.

(a) Whether a time should be set on the length of prosecution, after the mandatory 36 month beginning of examination [article 107(2)(c)]? The draft treaty now has only a recommendation for speedy prosecution and a recommended 2-year limit on it. Of course, there will be exceptions, where cases take longer. The U.S. PTO does not complete all application prosecutions within 2 years, although the average is about 18 months. Stronger language could be put in this provision, to make 2 years a requirement, except in unusual circumstances. This more forceful statement would give the patents offices a strong hand in asking for more funds to accomplish this goal. It should be clarified whether administrative appeals would be included in this time limit.

(b) Should a search report be published within 24 months by each examining country [article 107(1)]? This provision is unlikely to develop much support from most patent offices. The U.S. does not meet this criteria now, with some new cases not receiving a first office action before 26 months. There is a justification for not wanting to create separate stages, with a search report and then examination. On the other hand, it would be very helpful to have a search report before deciding whether to withdraw an application before publication. Perhaps, a compromise can be worked out that would guarantee, in all cases where an applicant requested an earlier search report, that one would be received before publication, and a right to withdraw within a fixed period would be given. Of course, it should cost extra for such special service. This approach would help solve the major dispute over automatic publication (A106). In many cases a search report would not be requested, since the main interest is examination and issuing the patent to receive the maximum patent term and injunctive remedy.

*345 (c) Whether the right to amend a claim at any time up to the end of prosecution should be added to article 104? This step is an excellent procedure on which to develop a uniform approach.

(d) Should the right to file divisional applications at any time, on the applicant's initiative, be added to article 105bis? This addition is quite important and compliments the right to file divisional applications when a restriction requirement is made. This procedure is an important point on which to adopt a uniform practice that favors the applicant.

(e) Whether a 20-year minimum or maximum patent term should be used [alternative A, article 305]? The term should be a minimum, to give countries the opportunity to adjust a patent term, where special circumstances exist. An example is in the U.S. where government regulation may delay the entry of a product for many years after the patent issues, and an extended term may be available for certain inventions.

(f) Should there be a transition period before a longer patent term is implemented, particularly for developing countries [alternative A, article 305(2)]? The U.S. has taken a

strong stand against any transition periods. In fact, this question will be a bargaining chip at the diplomatic conference. The 10-year transition period looks too generous. The U.S. may want to use a transition period of its own, to phase in FTF.

(g) Whether there should be automatic application publication, or should applicants have some control over whether to publish an application and still keep their applications pending beyond 17 months [article 106]? This topic was discussed to some extent in the analysis of article 107. Application publication is a big change for the U.S., and there are many adjustments that U.S. practitioners and the U.S. PTO will have to make, if application publication is adopted. It has several positive features that might persuade many that the benefits outweigh the losses. An English language text of all pending U.S. applications is received within 18 months of the filing date. This publication could give U.S. companies valuable information on what foreign companies are working on, accelerating U.S. development of better inventions.

Most other patent systems use 18 month application publication, so information is available if a U.S. company files in a foreign country after 18 months from the priority date. There is a significant part of U.S. industry that will be affected the most, because it is *346 not involved in foreign patent protection. A smaller group of U.S. businesses may lose valuable trade secrets by this publication before, without the right to control publication after finding out what protection may be available. On balance, if the trade secret owner group can be protected by receiving a search report and allowing time to withdraw the application, the most critical interest has been addressed. U.S. application publication should be a reasonable change to make, with these safeguards built into U.S. law.

4. Patentability.

(a) Should the novelty definition be limited only to public disclosure [article 201(2)]? This change would eliminate the statutory novelty bars of 35 U.S.C. section 102(b) and use of these events in the section 103, non-obvious determination, to the extent disclosure is not public. Similarly, knowledge of secret information would not be prior art, as it is now, based on 35 U.S.C. section 102(f) and (g), under some circumstances. The fact that the U.S. will have to change this law should be discussed fully with in U.S. industry.

A strong argument can be made that U.S. law does not need to retain these section 102(b) requirements, if a FTF system is adopted. The on-sale and public use bars were created to encourage prompt filing. Under a FTF system, filing immediately is a necessity. Using public disclosure as the only standard, would clarify when an on-sale and public use are prior art. These events are used to determine the beginning of the grace period (A203).

The secret knowledge, prior art provisions, 102(f) and (g), have been criticized, and recent amendments added exceptions (35 U.S.C. section 103, paragraph 2). The inventor's work must be original, so it cannot be copied from another person. There is an argument for keeping the secret knowledge prior art requirement. It strengthens the determination of non-obviousness and could help discourage ex-employee appropriation

of secret technology. Alternative remedies are available. State trade secret laws can be used to stop someone from using another person's secret work. Also, the draft treaty has a clear statement in article 301(2) that the applicant's work must be independent of other applicants, meaning that it cannot be derived from the work of another inventor. The U.S. will be free to define how to implement this provision. On balance, the public disclosure standard appears to be a workable approach.

If the U.S. wants to keep its options open on the 102(b), (f) and (g) issues, it could propose a change to article 201 that would leave the question of what secret activities are prior art up to each member country.

*347 (b) Whether a finding of novelty should require that all features of a claim are found in one reference, or should there be some flexibility in this requirement [article 201]? This issue is very important, for several reasons. First, the present draft treaty applies only a novelty effect for unpublished applications until publication (A202). The scope of this prior art will depend on this definition of novelty. If a broader scope is used, such as considering inherent or implied teachings, allowing use of other references to explain the primary reference, the threshold for patentability will be higher. A new principle will have to be established in U.S. practice.

(c) A question closely related to the last one, is what prior art effect should there be for a patent application before its publication [article 202(1)(a)]? Should it be used only for novelty determination, or should it be used in both novelty and non-obvious determinations? If the draft treaty is changed to allow use of applications before publication as prior art for non-obvious determinations, it will not be critical what scope the novelty definition has. The U.S. position in favor of the narrow, four-corners novelty definition and non-obvious effect for unpublished applications, is essentially consistent with U.S. law and keeps the same patentability standards for all patents. If this provision is not changed, to leave the U.S. free to follow its current practice, added opposition to the treaty can be expected. The opposition could seize on the fact some U.S. patents would issue that have a lesser standard of patentability than other U.S. patents, and less than ones issued under current U.S. law.

(d) Should prior art effect for a published application go back to its priority date [article 202(1)(b)]? This change in U.S. law would remove the discrimination against foreigners. Prior art effect in most other patent systems goes back to the priority date. U.S. law has the effect of going back only to the national filing date. It is a change in U.S. law that is strongly desired by other countries. The effect of this provision will be to increase the prior art available against U.S. applicants. The essence of TPS is equality, and this change is one step the U.S. should take.

(e) Whether self collision should be a mandatory provision [article 202(4)]? There is no question that self collision is a major concern for many industries, where development projects produce many patent applications with the same inventor. The wording of this provision favors countries which allow filing by assignee. The U.S. could make that change, following the practice in most countries, but the treaty does not require it. A

mandatory self-collision provision, as *348 proposed by the U.S., would unify practice on a very important point. It is worth pressing for a mandatory provision on self collision.

5. Post-Patent Grant Events.

(a) Should there be a mandatory, post-grant opposition procedure on all patentability issues and several other grounds, for a limited time period after patent issue [article 108(1)]? One certain way to create more U.S. opposition to TPS is to adopt mandatory post-grant opposition. The U.S. PTO and the bar have followed a policy of leaving legal issues involving extensive discovery and witnesses to the courts, as the best place to resolve them. It is understandable that in many countries the preference is to have the patent offices handle at least the preliminary review of all issues, whether before or after patent issue. The U.S. approach is just the opposite. A mandatory opposition after patent issue would be an expensive, new step for the U.S. Past experience on similar issues would indicate very little support from practitioners for this change. If a mandatory provision was in the treaty, it could be enough to kill adherence by the U.S., coupled with other major changes that already are drawing some opposition. This provision should be optional.

(b) Should post-grant amendment of a patent text and drawings be allowed [article 110]? This provision will facilitate uniform practice on a procedure that can be very important, in some cases.

6. Patent Rights.

(a) Whether a provision defining claim interpretation principles is needed, to insure an adequate scope for the doctrine of equivalents [article 304]? It is generally agreed that Japan does not apply a very broad, if any, doctrine of equivalents when interpreting claims for infringement. This provision will help persuade all countries to consider the patentee's need for adequate protection. It is a strong statement, but it does not require a country to enthusiastically apply the doctrine of equivalents. Only time will tell if it results in a change favoring the patent owner. U.S. law would not have to change as a result of this provision.

(b) Should there be a right to prevent others from inducing or assisting in an infringement [alternative A, article 302(1)(iii) and 302(2)(iii)]? U.S. law has this provision in it [35 U.S.C. section 271(b)], using only the inducing phrase. It might be better to delete "assisting", as a compromise effort. This step would allow the U.S. to point out that its law has the inducing principle, and it is not considered vague.

*349 (c) Should the right to prevent importation of a patented product be stated specifically in the draft treaty [alternative A, article 302(1)(ii)]? As explained by the U.S. delegation, the problem with using the term importation is unique to the U.S. GATT dispute over article 301. It would seem the real issue is how the recently amended U.S.

law works, using the ITC, and not the general principle of preventing importation. The U.S. should be able to accept this terminology. If the U.S. still perceives a problem and wants the term eliminated, the other countries might accommodate it, recognizing that the phrase "putting on the market", used in this article, should embrace the right to prevent importation of a patented product. The term "importing" may not be needed.

(d) Does non-commercial purpose serve as an acceptable criteria to allow free use of a patented invention for private purposes, or experimental use, or scientific research [article 302(3)? This provision may be one of the most important ones in the draft treaty, because it defines exceptions to the patent right. It is very important to clarify all the patent right exceptions. The provision has several vague terms that could allow member countries to accept significant, non-infringing activities. The proposal, to use a non-commercial purpose test, still leaves some room for members to design their own principle for non-infringement. It remains to be seen whether the U.S. will have to change its law, but in principle the non-commercial purpose standard is consistent with the Roche case on which U.S. law is based. [n.18]

There is another potential problem with this provision, concerning the exception recently added to U.S. law that permits certain experimental, commercial activities [35 U.S.C. section 271(e)]. This amendment was the result of another hard fought legislative battle, similar to the one discussed in connection with article 303, on process patent infringement. Even more opposition to this treaty can be expected, if this U.S. statutory infringement exception has to be changed to adhere to this treaty.

(e) Should a provision similar to a first-sale doctrine, allowing unrestricted use of a patented product, once it is put on the market by or for the patent owner, be included in this treaty, and should it apply to the multi-country region of a member to the treaty [Alternative A, article 302(3(a)(i)]? This provision is quite broad. It may *350 be acceptable to include in the draft treaty this non-infringing use, when applied to sale of a product. It is quite a different question to use the phrase "put on the market" which is a much broader principle. If this provision is a minimum standard, forcing member countries to adopt such a broad principle, it should be opposed. U.S. industry would not accept such a limit on patent rights. It is up to the multi-country groups to decide if they want such a principle to apply to their situation. The U.S. could oppose this part of the provision, on the basis that it is trade regulation policy matter, and this treaty is not the place for such a provision.

(f) What limits should be placed on the provision that allows non-infringing, extemporaneous preparation of medicines [article 302(3)(iv)]? There are some countries who accept this provision as an activity that will not have significant effect on patent rights for medicines. Others are less sure. At the least, it should be narrowed to emergency type situations and not routine practice.

(g) Should there be mandatory prior user rights and, if so, on what terms [article 308]? At this time many U.S. attorneys will not accept prior user rights, for several reasons. They would be a new burden for the U.S. patent system, involving determinations and potential litigation similar to the interferences that are being eliminated by FTF. A part of

this opposition is due to employee mobility and potential litigation over use of technology derived from a former employer. Unfortunately, the U.S. is very litigation prone, and the possibility of a new set of legal problems from this provision creates serious opposition to it. In addition, the prior user right does not create an incentive to file, just an incentive to use before the originator files. Of course, there are some who favor this kind of right, to protect their honest investment. It will be a significant problem for U.S. adoption of a treaty, if this provision remains in it. Coupled with concerns over other provisions, the opposition will have significant strength. It does not seem that any revision of this article will result in an acceptable compromise, unless it is made optional.

(h) Should any prior user rights be based on information obtained from an inventor's publication during the grace period [articles 308 and 203]? This principle adds considerable complexity to basic prior user rights determinations. It shows the relatively small value one can place on the grace period, if this provision stays as it is. An inventor would be unwise to disclose an invention, if the disclosure can be prevented. The more aggressive and financially able companies *351 will watch and act quickly to start using and improving on the published invention, without filing for patent protection, in some situations. The patent owners rights will be diminished severely.

7. Remedies.

(a) Should the remedy for infringement during application pendency, after publication, only be damages, recoverable in a suit brought after the patent issues [article 307(2)]? The almost unanimous agreement at the 7th meeting that no injunctive remedy should be provided during the provisional right period was surprising. Several countries appear to provide injunctive relief during prosecution, after application publication, according to the WIPO study. [n.19] Injunctive relief during prosecution has many potential problems. The procedure must be fair to possible infringers. The claim scope could change at any time, eliminating infringement or raising new issues on whether there is still infringement. There is significant potential for abuse.

What is unclear now is the standard that will be used to judge when infringement exists during prosecution. The scope of protection when the application is published is the simplest approach. As long as there is an infringed claim in the patent that continues the scope of protection provided in an infringed, published application claim, there should be compensation for infringement from the publication date. The same result should occur, even if the patent claim does not use the same claim language as the published claim.

A requirement for actual notice of the pending application right could be included, sending to the infringer a copy of the pending claim on which infringement is based, if the claim is changed from the one published. The provisional right to compensation is a very important part of the inventor's reward, in return for allowing publication before the patent issues. It should be designed to perform this function. Since article 307(2) does not state the method for determining when there is a provisional right infringement, the significance of this provision in unifying patent laws cannot be judged.

(b) What should be the measure of damages before a patent issues [article 307(2)(ii)]? It will be very difficult to interface a detailed damage determination provision with the unique legal systems of many member countries. What can be accomplished is to set a minimum *352 standard. The proposed reasonable license fee, as a minimum, is a workable standard and a significant unification.

(c) Whether more specific requirements should be added for injunctive and damage remedies after patent issue, or these aspects left to national law [article 307]? As a practical matter, the legal systems of countries are so different, in the area of civil practice, that the details of these procedures should be left to national law. If a particular practice is a problem, it can be dealt with now, or by later amendment.

(d) In the provision on process infringement remedies, involving a product manufactured by a process, does the phrase "directly resulting from the use of the process" [patented] adequately define the scope of protection [Alternative A, article 302(2)(ii)]? This provision could create certain problems for the U.S., because of the extensive legislative debate over a similar amendment to the U.S. patent law [35 U.S.C. section 271(g)]. There is a question whether the U.S. law would have to be changed, if the treaty provision was considered the maximum requirements that could be used. This question raises further potential opposition to TPS that should be avoided, if possible, unless the benefit is worth the effort.

(e) Will product novelty be an acceptable basis to shift the burden of proof to the defendant, for a process patent infringement [article 303]? This provision could create certain problems for the U.S., for the same reasons stated for the last-mentioned issue.

8. Transition from first-to-invent to a FTF system.

There is wisdom in the U.S. changing to FTF, to unify its patent system with the rest of the world's systems, if a suitable transition approach is provided. U.S. industry should be allowed time to adapt, with substantially equal impact on all size businesses. The fact is that some companies are already functioning as if a FTF system exists in the U.S. These multi-national companies are going to make the transition with no loss of momentum. They will be able to gain an advantage, at least for a while, as they now file quickly in the U.S. Other companies tend to wait until a product is developed before filing. These U.S. companies will have to take a fundamentally different approach to patent protection, because of FTF and the prior art effect of foreign applications from priority date. Filing promptly on very preliminary disclosures must be the practice. It will take some time to change the old habits. The advantage of some larger companies over medium size and smaller, companies needs to be removed.

*353 A suitable transition period could be provided that will allow needed time for U.S. industry and attorneys to adapt. This author has proposed shortening the period during which an earlier invention date can be claimed, to a maximum of one year from filing. [n.20] The transition period during which this change would be in effect could last 3 to 5

years. The result would be a limited time first-to-invent (LTFI) system. It would allow companies to retain some of the benefits of their prior work, and shift their thinking to the necessity of filing promptly under the new FTF system. It would simplify the U.S. PTO's review of interferences during the transition.

The draft treaty does not have a general provision on transition. It will have to be added, at the appropriate time. There is some obvious hesitation at this stage to make such a proposal, because the developing countries are seeking transition periods on some articles, and the U.S. has taken a position against any transition periods. The diplomatic conferences may be the place to negotiate this feature, after it is clear what the conference position will be on transition periods.

CONCLUSIONS -- WHAT PACKAGE FOR U.S. ADHERENCE?

This report should be adequate to alert interested organizations to many of the issues at each stage of the treaty process. The next stage is the last meeting of experts on the draft treaty. Then the proposed treaty will be considered at the diplomatic conference in 1991. Finally, the U.S. will have to decide whether to adhere to the treaty. Each of these stages has a very important role for U.S. organizations and the U.S. delegations. Any comments for the U.S. delegation should be directed to Michael K. Kirk, Assistant Commissioner for External Affairs, Patent and Trademark Office, Department of Commerce, whose address is Box 4, U.S. Patent and Trademark Office, Washington, D.C. 20232, Telephone (703) 557-3065.

Another effective step is to have a representative from each organization at the next meeting of experts, and to send an observer to the diplomatic conference, to work with the U.S. delegation. WIPO should be contacted if an organization desires to participate.

There are many provisions in this draft treaty that will help the U.S. It will result in several significant changes in the patent laws of member countries, improving the level of protection available for U.S. business. *354 Many provisions in the treaty will simplify practice, reducing cost of patent protection in these countries.

The treaty package that is needed, for a reasonable chance to gain U.S. adherence, is one that removes most of the controversial issues and provides significant benefits to the U.S. and other countries. It should include FTF and the provisions on which there is substantial agreement in the U.S. and in most other countries. Tackling too much at this time is an unwise plan, in the short time remaining before the diplomatic conference.

It is essential that the draft treaty be examined very carefully, to see whether the U.S. receives significant benefits. For example, will it help improve U.S. exports and business? Will TPS keep foreign patent protection costs lower, compared to the present U.S. patent system? The U.S. government delegation, and U.S. organizations, are trying to shape the draft treaty, so it includes provisions that produce these and other benefits. Only after the treaty process is completed will it be possible to determine whether the

U.S. should adhere to the treaty. There should be enough benefits achievable in the draft treaty, once it is clarified and a few other topics added, to justify U.S. adherence.

[n.a] This article is published in 72 Journal of the Patent and Trademark Office Society (1990).

[n.1] Professor, University of Baltimore School of Law. Professor Fryer was able to attend the 7th meeting of experts, as a part of his sabbatical work. The support from the University of Baltimore School of Law is greatly appreciated. The views expressed in this article are the writer's, and they should not be attributed to this Journal or any of the organizations to which the writer belongs. In addition to this meeting, he attended the first and second parts of the 5th meeting of experts on this draft treaty, held in 1988, representing the same organization. (c) Copyright, William T. Fryer, III, 1990. Permission is granted to reproduce this article, and parts thereof, for educational purposes, with author credit.

[n.2] It was a distinct privilege to attend the full 7th meeting of experts, representing ATRIP (Association for the Advancement in Teaching Research in Intellectual Property), an international organization of about 300 intellectual property law teachers and researchers. While this organization does not take positions, it is invited to send a representative who participates equally with other non-government organizations represented at the meeting.

[n.3] WIPO, Report, Committee of Experts on the Harmonization of Certain Provisions in Laws for the Protection of Inventions, 7th Session, Geneva, November 13-24, 1989, HL/CE.VII/28, November 24, 1989.

[n.4] The full title for this meeting was Committee of Experts on the Harmonization of certain provisions in Laws for the protection of inventions, 7th Session.

[n.5] In fact, the 5th meeting of experts was in two parts, one in June and the other in December 1988, to cover the 5th meeting draft treaty.

[n.6] Draft treaty, article 2, states: "no provision of this Treaty shall be interpreted as diminishing the rights that any natural person or legal entity has under the Paris Convention for the Protection of Industrial Property."

[n.7] The Paris Convention for the Protection of Industrial Property (PC) is the basic treaty on patents. It contains the national treatment and right of priority provisions that are a fundamental part of patent practice. Unfortunately, the membership has become so large (100 countries as of December 1, 1989), that it is hard to obtain agreement on changes, such as the ones proposed in this patent harmonization treaty. This dilemma has been solved by organizing separate treaties among PC members, which is permitted by the PC. Examples are the Hague Agreement . . . (industrial design deposits) and the Madrid Agreement. . . (trademarks). The patent harmonization draft treaty is following this procedure.

[n.8] See D. Chisum, Patents, volumes 1-7 (1989) and P. Rosenberg, Patent Law Fundamentals, volumes 1-3 (1989), for example.

[n.9] A detailed description of the existing legislative situation concerning the grace period in a number of countries and under the EPC is contained in WIPO conference document HL/CL/I/2. Much shorter grace periods, for limited purposes, are included in the laws of several countries.

[n.10] A detailed description of the existing legislative situation concerning requirements in relation to claims in a number of countries and under the Patent Cooperation Treaty and the European Convention is contained in WIPO conference document HL/CE/III/2 Supp. 1.

[n.11] A detailed description of the existing legislative situation in a number of countries and under the Patent Cooperation Treaty and the European Patent Convention is contained in WIPO conference document HL/CE/III/2 Supp. 2.

[n.12] A detailed description of the existing legislative situation in relation to exclusions from patent protection in the countries member of the Paris Union and under the Protocol of the African Regional Industrial Property Organization, the European Patent Cooperation and the Agreement relating to the Creation of an Intellectual Property Organization with the framework of the African Intellectual Property Organization is contained in WIPO document HL/CE/IV/INF/1 Rev. 1. This document gives a very detailed breakdown for 19 areas of technology where some countries do not provide protection. Of particular interest to U.S. industry are the fields of pharmaceutical products and processes, chemical products, food products, substances obtained by microbiological processes, and computer programs.

[n.13] A detailed description of the existing legislative situation on the requirements for granting a filing date in a number of countries and under the European Patent Convention is contained in document HL/CE/II/2 Supp. 1.

[n.14] A detailed description of the existing legislative situation in respect of the subject matter of article 102 in eight countries and under the European Patent Convention is contained in document HL/CE/II/2 Supp. 2.

[n.15] A description of the existing legislative situation in relation to prior user rights in a number of countries and under regional systems is contained in WIPO conference document HL/CE/IV/INF/2/Rev. 1., 17-18 and Annex II. The chart in Annex II makes it clear that most countries that allow prior user rights base it on either one of preparation to use, or actual use. The scope of the right varies, with about half of the countries having prior user rights limiting them to the original use scope and the others allowing them to include the needs of the business. The WIPO report states:

"Out of the 45 countries and one regional patent convention covered in Annex II, 28 countries and the Banqui Agreement provide for some kind of prior users' rights; 12 countries do not provide for such right, and five countries have particular provisions for the situations which in the first group of countries give rise to prior users' rights."

[n.16] A detailed description of the existing situation concerning provisional protection in a number of countries and pursuant to several regional treaties is contained in WIPO conference document HL/CE/IV/INF/2 Rev. 1.

[n.17] See, for example, C. Macedo, First-to-file: Is American adoption of the international standard in patent law worth the price?, *Columbia Business Law Review* (1988), 543-586; M. Banner and J. McDonnell, First-to-file, mandatory reexamination and "mandatory exceptional circumstances"; ideas for better?, *69 Journal of the Patent and Trademark Office Society* (1987), 595- 624. These articles take a dim view of changing to FTF and making other changes. The question should be asked whether these articles are current, in view of the new directions taken by the 7th meeting of experts, and other changes to be made at the last meeting of experts and during the diplomatic Conference. These articles provide valuable insights on the present U.S. system and a FTF system.

[n.18] *Roche Products, Inc. v. Bolar Pharmaceutical Co., Inc.*, 733 F.2d 858, 221 U.S.P.Q. 937 (Fed. Cir. 1984).

[n.19] *Supra* note 15, Annex II.

[n.20] W. Fryer, Proceedings of 3rd Annual American Bar Association, Section of Patent, Trademark and Copyright Law, March 24-25, 1988, 85-89.