GROUP B+ WORKSTREAM DRAFT REPORT ON IMPLEMENTATION OPTIONS

Drawn up by the Chair

For discussion by the B+ Sub-Group at its meeting on

17-18 May 2016 in London

Members of the Workstream:

Belgium, Canada, Germany, Japan, Korea, Sweden, Switzerland, the United States and the European Patent Office

This document has been approved by the member delegations of the Workstream, who expressly reserve their positions with regard to the substance discussed therein.

Whilst some delegations are participating in this exercise under the understanding that "nothing is agreed until everything is agreed", this view is not shared by all delegations.

Contents

| Introduction | 2 |
|---|----|
| A. Binding international legal instrument or soft law | 3 |
| B. Classification of a binding international legal instrument | 9 |
| C. Institutional aspects of a treaty-based solution | 10 |
| D. Options for approaching harmonisation | 19 |
| E. Levels of harmonisation | 24 |
| F. Membership and coverage of a possible treaty on substantive patent law harmonisation | 25 |
| G. Dispute settlement | 27 |
| H. Amendment and review | 35 |
| I. Transitional arrangements | 38 |
| J. Miscellaneous implementation aspects | 40 |

Introduction

- 1. Implementation options relate to a horizontal and formal aspect of patent harmonisation (or at least to an aspect that is not substantive in the sense that it would directly concern substantive patent law). As content and form cannot be separated artificially and the choice between implementation options can certainly have an impact on what in substance will eventually have to be implemented, it is of utmost importance that the necessary interaction between the substantive issues and the implementation aspects be ensured. However, this workstream is certainly not mandated to directly address any open issue of harmonising substantive patent law. Thus, this report is by no means intended to deal with issues that fall within the remit of the other workstreams. It does, however, build on the preliminary results of the other workstreams. In certain cases, this report gives examples of possible substantive provisions to illustrate the various options being considered. Nevertheless, those examples should not be regarded as proposals for solving substantial issues, let alone as anything prejudicial to the outcome of the other workstreams' activities.
- 2. Although it has to deal with quite a special aspect of the harmonisation process, this workstream has also followed the general guiding principles as laid down in the Chair's Note on Patent Harmonisation (B+/PL/11/1, 28/08/2015, hereinafter referred to as the "Chair's Note") and confirmed by the Group B+ Plenary at its Tenth Session (see the Meeting Report, B+/PL/11/20, 23/10/2015, hereinafter referred to as the "Plenary Meeting Report").

Namely, it has taken account of the following factors:

- the B+ Sub-Group's Objectives and Principles Paper,
- the need to resolve or narrow outstanding differences,
- the input from industry groups,

- the input from workstream members (see paragraph 3, below),
- work conducted thus far by other workstreams of the B+ Sub-Group.

In addition, it has been guided by the following considerations:

- any proposal it may agree to put forward should be consistent with the objectives and principles endorsed by Group B+;
- the views of industry and all other interested stakeholders should be taken into account;
- the outcome should be a set of measures which together will have a positive impact on the functioning of the global patent system.
- 3. The first outline of issues to be considered by the workstream was submitted to the members in mid-December 2015. Comments had to be, and were, forwarded to the Chair by mid-January 2016. On the basis of the workstream members' input, the final and updated version of the outline of this report was accepted as a basis for further work in February 2016 (hereinafter referred to as the "Outline"). It was presented briefly and orally to representatives of the Industry Trilateral at the meeting of the B+ workstreams held on 22 February 2016. Later on, in March 2016, the Outline itself was sent to the Industry Trilateral for comment.
- 4. In order to address the issues raised by the various implementation options, it is worth recalling the relevant elements of the Chair's Note and the Plenary Meeting Report. The former indicated (in paragraph 15) that "it seems clear that if we are to move forward with maximum agreement then: [t]he issues must ultimately be dealt with as a package [...], [and] [i]n order to meet business needs, the eventual aim should be to achieve harmonisation between different jurisdictions, rather than 'soft law' or 'minimum standards'." However, the latter (in paragraph 14) has sent out a somewhat more mixed signal by pointing out the following: "Some delegations suggested that the issues would eventually need to be addressed as a package, while others believed that, where possible, opportunities should be taken without the need for a package. While the relevance of trade agreements was acknowledged, it was noted that users wanted an agreement on a package consistent across major patenting jurisdictions, which could only be achieved multilaterally. Whilst there was support for starting work on implementation, it was noted that this could not be decisive until the shape of any agreement on substance was clearer."
- 5. In the following chapters, this report sets out the options for implementing patent harmonisation concerning the issues identified by paragraphs 6 and 7 of the above-mentioned Outline.

A. Binding international legal instrument or soft law

6. One of the implementation choices to be made is whether any future set of agreed provisions on substantive patent law should be included in a binding international legal instrument (i.e. a treaty) or should only be formalized as some sort of soft law. Although some scholars are of the view that even treaties may include "soft rules", and thus the contrast

between the these two categories may not be that sharp or marked, for the sake of clarity this report is based on a clear distinction made between the two.

"The generic term soft law covers a wide range of instruments of different nature and functions that make it very difficult to contain it within a single formula. Its only common feature is that it is in written form, but the other characteristics are variable and negotiable and they constitute an 'infinite variety.' So the term encompasses soft rules that are included in [...] nonbinding or voluntary resolutions, recommendations, codes of conduct, and standards. A good definition of soft law is difficult to find since this term has been the subject of passionate debates between those denying the existence of such law and those who consider it as a new quasi source of international law."

Under another definition, "[s] oft law refers to rules that are neither strictly binding in nature nor completely lacking legal significance. In the context of international law, soft law refers to guidelines, policy declarations or codes of conduct which set standards of conduct. However, they are not directly enforceable. Hard law refers to binding laws. In the context of international law, hard law includes treaties or international agreements, as well as customary laws. These documents create enforceable obligations and rights for countries (states) and other international entities."²

Another authority describes soft law as follows:

"'Soft law' consists of written instruments that spell out rules of conduct that are not intended to be legally binding, so that they are not subject to the law of treaties and do not generate the opinio juris required for them to be state practice contributing to custom. Not being legally binding, they cannot be enforced in court. [...] While it may be paradoxical and confusing to call something 'law' when it is not law, the concept is nonetheless useful to describe instruments that clearly have an impact on international relations and that may later harden into custom or become the basis of a treaty."

Briefly, soft law can be defined as "normative provisions contained in non-binding texts."4

¹ *Teresa Fajardo*: Soft Law. Last modified: 30 January 2014, DOI: 10.1093/OBO/9780199796953-0040, http://www.oxfordbibliographies.com/view/document/obo-9780199796953/obo-9780199796953-0040.xml http://definitions.uslegal.com/s/soft-law/; retrieved on 27.03.2016.

³ D. J. Harris: Cases and Materials on International Law, London, 1988, pp. 64-65.

⁴ Dinah Shelton, ed.: Commitment and Compliance: The Role of Non-binding Norms in the International Legal System. Oxford: Oxford University Press, 2000, p. 292. Some authors seem quite critical of the relatively recent "rise" of soft law. Weil is concerned about the notion of "relative normativity," and he warns against blurring the distinction between normative and non-normative rules and recommends differentiating between normative and pre-normative acts in the international norm-creating process. Prosper Weil: Towards Relative Normativity in International Law?, American Journal of International Law 77 (1983): 413-442. DOI: 10.2307/2201073. Klabbers has steadily fought against the notion of soft law, asserting that it is redundant since "the traditional binary conception of law is well capable of performing the functions usually ascribed to soft law" Jan Klabbers: The Redundancy of Soft Law, Nordisk Journal of International Law 65.2 (1996): 167–182. DOI: 10.1163/15718109620294889, p. 168. Sztucki summarises the criticisms of soft law as follows: "Primo, the term is inadequate and misleading. There are no two levels or 'species' of law – something is law or is not law. Secundo, the concept is counterproductive or even dangerous. On the one hand, it creates illusory expectations of (perhaps even insistence on) compliance with what no one is obliged to comply; and on the other hand, it exposes binding legal norms for risks of neglect, and international law as a whole for risks of erosion, by blurring the threshold between what is legally binding and what is not." Sztuczki, in Festkrift Hjerner (1990), pp. 550-551. Others see more merit or value in creating soft law. According to Jennings, "recommendations may not make law, but you would hesitate to advise a government that it may, therefore, ignore them, even in a legal argument." Jennings: Cambridge-Tilburg Lectures, 3rd Series (1983), p. 14. Seidl-Hohenveldern suggests that the

7. In the field of intellectual property, at the international level it is mainly WIPO that has produced soft law. The most noteworthy and the most widely known soft law instruments of WIPO are certainly the Joint Recommendations adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO. One of them, namely the one dealing with the protection of well-known marks,⁵ is directly linked to the relevant provisions of the Paris Convention and provides guidelines for their interpretation. The Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet⁶ is "intended to facilitate the application of existing laws relating to marks, and other industrial property rights in signs, on the Internet". The content of the third one, namely the one on trademark licences, was later on largely incorporated into the Singapore Trademark Law Treaty (STLT).8 It is also worth noting how, in the latest one of the three recommendations, the International Bureau explained the purposes of adopting soft law instruments in the form of Joint Recommendations: "this Joint Recommendation is the third achievement [...] in implementing WIPO's policy of finding new ways to accelerate the development of international harmonized principles. This new approach to the progressive development of international intellectual property law was implemented by WIPO pursuant to the WIPO Program and Budget for the biennium 1998-99,39

Thus, as it can be seen, two of the three WIPO Joint Recommendations are rooted in, and closely linked to, existing law (either to the relevant provisions of the Paris Convention, or to "existing laws relating to marks", whatever the latter are intended to mean). In other words, they are manifestly not intended to lay down new international norms with a view to harmonising the laws of WIPO member states. Admittedly, the third of these WIPO Joint Recommendations represents an example of the evolution of international norm-setting through which soft law may develop into binding international legal instruments. The Joint Recommendation on Trademark Licenses and the STLT certainly illustrate "the progressive development of international intellectual property law", as the International Bureau has described this process. On the other hand, it is also to be noted that no evidence is available

n

main value of international 'soft law', which is very important in the field of international economic law, is that it may become a device "to overcome a deadlock in relations between states pursuing conflicting [...] aims." *Seidl-Hohenveldern* (1979-II) 163 Hague Recueil, p. 193.

⁵ Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO September 20 to 29, 1999, World Intellectual Property Organization Geneva 2000; http://www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf

⁶ Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet (with Explanatory Notes) adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Sixth Series of Meetings of the Assemblies of the Member States of WIPO September 24 to October 3, 2001; http://www.wipo.int/edocs/pubdocs/en/marks/845/pub845.pdf

⁷ Joint Recommendation Concerning Trademark Licenses adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Fifth Series of Meetings of the Assemblies of the Member States of WIPO September 25 to October 3, 2000; http://www.wipo.int/edocs/pubdocs/en/marks/835/pub835.pdf

⁸ A similar development has recently taken place in the copyright field: the various proposals for a joint recommendation (see e.g.: SCCR/20/12) put forward in the Standing Committee on Copyright and Related Rights have eventually resulted in the adoption of a new WIPO treaty, namely the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled.

⁹ Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet (see footnote 6), p. 2.

on the impact the interpretative Joint Recommendations have made on the development of jurisprudence within the WIPO member states' legal systems, and that, following the adoption of the third Joint Recommendation in 2011, WIPO discontinued its practice of issuing such recommendations and since then none has been adopted. Nevertheless, at least at the level of proposals one can certainly observe a sort of renaissance of the idea of adopting Joint Recommendations in WIPO – particularly in cases where negotiations on a binding international law instrument are threatening to come to a deadlock.¹⁰

- 8. Another soft law tool deployed by WIPO was the preparation and publication of so-called model laws. As the introduction of the WIPO Model Law for Developing Countries on Inventions (Volume I, Patents) explains, "[a]s its name indicates, the Model Law is only a model. The form of existing national legislation as well as the terminology utilized vary considerably, according to legal tradition, governmental structure and other factors. Countries wishing to rely on the new Model Law in [...] preparing or modifying [...] their legislation may adapt it not only to their specific developmental needs, which too may vary considerably, but also to their customary style of legislative drafting." Still, a WIPO model law can of course be presumed to comply with the relevant international agreements administered by WIPO. However, it is quite a long while ago that WIPO stopped adopting model laws; and the WIPO model laws in the patent field can certainly be regarded as outdated. 12
- 9. Soft law instruments are not very characteristic of the World Trade Organization (WTO) and the administration of the WTO's TRIPS Agreement. In fact, WTO law in general and the TRIPS Agreement in particular are widely regarded as one of the "hardest" sets of international economic law due to the WTO's dispute settlement mechanism and the possibility of imposing trade sanctions, including through cross-retaliation. ¹³ It is also open to doubt to what extent, if at all, the Declaration on the TRIPS Agreement and Public Health

¹⁰ WIPO/GRTKF/IC/28/7, May 9, 2014, Joint Recommendation on Genetic Resources and Associated Traditional Knowledge, Document submitted by the Delegations of Canada, Japan, Norway, the Republic of Korea and the United States of America;

http://www.wipo.int/edocs/mdocs/tk/en/wipo_grtkf_ic_28/wipo_grtkf_ic_28_7.pdf; WIPO/GRTKF/IC/30/7, March 15, 2016, Joint Recommendation on the Use of Databases for the Defensive Protection of Genetic Resources and Traditional Knowledge Associated with Genetic Resources, Document submitted by the Delegations of Canada, Japan, the Republic of Korea and the United States of America; http://www.wipo.int/edocs/mdocs/tk/en/wipo_grtkf_ic_30/wipo_grtkf_ic_30_7.pdf; SCT/32/2, September 24, 2014, Revised Proposal by the Delegation of Jamaica [for a Joint Recommendation Concerning Provisions on the Protection of Country Names]; http://www.wipo.int/edocs/mdocs/sct/en/sct_32/sct_32_2.pdf

¹¹ WIPO Model Law for Developing Countries on Inventions (Volume I, Patents), WIPO, Geneva, 1979; http://www.wipo.int/edocs/pubdocs/en/wipo_pub_840_vol_i.pdf, p. 8.

¹² They were published in 1979 and 1980. See footnote 11 and WIPO Model Law for Developing Countries on Inventions (Volume II, Know-How, Examination and Registration of Contracts, Inventors' Certificates, Technovations, Transfer of Technology Patents, WIPO, Geneva, 1980; http://www.wipo.int/edocs/pubdocs/en/wipo_pub_841_vol_ii.pdf.

¹³ See the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes (1994) as contained in Annex 2 of the Marrakesh Agreement Establishing the World Trade Organization. See also *John J. Jackson*: Designing and Implementing Effective Dispute Settlement Procedures: WTO Dispute Settlement, Appraisal and Prospects, in: The WTO as an International Organization, ed.: *Anne O. Krueger*, Chicago and London, 1998, p. 161-180. According to *Jackson*'s summary, "[d]ispute settlement has now moved to the center stage of economic diplomacy, as it is embodied in the [...] WTO texts. In many ways this is a welcome step toward a more rule-oriented system that will hopefully allow better adjustment of frictions between nation-states, as well as greater predictability and reliability for entrepreneurs. It should to some measure reduce the 'risk premium' of international trade and other economic transactions, such as investment.", p. 175. See also: *Mitsuo Matsushita, Thomas J. Schoenbaum, Petros C. Mavroidis*: The World Trade Organization – Law, Practice, and Policy, Oxford, New York, 2003, pp. 17-51.

adopted by the Ministerial Conference in Doha in November 2001 14 and the subsequent Decision of the General Council of 30 August 2003 on the implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health¹⁵ constitute soft law. They have certainly had an impact on the application and interpretation of certain hard law provisions of the TRIPS Agreement. Suggestions for a somewhat wider use of soft law instruments in the WTO context¹⁶ have not gained significant, let alone sufficient, support thus far.

10. In the European Union, it is not unprecedented that soft law instruments are adopted in the field of intellectual property. In fact, it is at the level of the founding, constituting treaties of European integration that soft law as such has been institutionalized. Under Article 288 of the Treaty on the Functioning of the European Union (TFEU), "[t]o exercise the Union's competences, the institutions shall adopt regulations, directives, decisions, recommendations and opinions", and while regulations, directives and decisions are binding in one way or another, "[r]ecommendations and opinions shall have no binding force". In addition, Article 292 TFEU specifically deals with recommendations. Accordingly, EU institutions have, from time to time, had recourse to adopting recommendations on IP-related issues, a few of which have later become parts of EU hard law instruments. The most recent examples relate to the copyright field.¹⁷

11. Although most of the advantages of soft law instruments might prove relevant also in the context of harmonising substantive patent law, there are some drawbacks thereof that might hinder the attainment of the objectives of harmonisation.

12. Including normative provisions of substantive patent law into a recommendation as a soft law instrument would of course have the obvious advantage that it would not be subject to the law of treaties. In other words, in general (although this may slightly vary from jurisdiction to jurisdiction) its conclusion (or adoption) would not be subject to the same internal constitutional requirements and procedures as binding international legal instruments (i.e. treaties), and, in particular, it would not be subject to ratification, accession or any other way of expressing consent to be bound by it. Thus, once agreement is reached on its content, such a recommendation or model law could immediately "take effect" and "be applied" – but only in the "soft law sense" of effect and application. Of course, this kind of effect and application might in theory be amplified by a common understanding that all the parties would endeayour to bring their national/regional laws and practices into line with that soft law instrument. However, no matter how difficult it would be to ignore or disregard any soft law set of agreed provisions, there would be some obvious limits to interpreting and applying existing national or regional laws in full conformity with that soft law instrument. To achieve full and secure effect in that regard, those laws would have to be brought into line with the soft law

¹⁴ WT/MIN(01)/DEC/2, 20 November 2001

¹⁵ WT/L/540 and Corr.1, 1 September 2003; https://www.wto.org/english/tratop e/trips e/implem para6 e.htm ¹⁶ WTO Public Forum – Session 3: Between Negotiations and Litigation: Reinventing the "Middle Pillar" in the WTO, organized by: European Commission DG Trade, 28 September 2009;

https://search.wto.org/search?q=cache:PXWRQynaHRIJ:www.wto.org/english/forums_e/public_forum09_e/sess_ ion03 e.doc+soft+law&site=English website&client=english frontend&proxystylesheet=english frontend&out put=xml_no_dtd&ie=ISO-8859-1&access=p&oe=UTF-8

¹⁷ See e.g. Commission Recommendation 2005/737/EC of 18 May 2005 on collective cross-border management of copyright and related rights for legitimate online music services (OJ L 276, 21.10.2005, p. 54), the content of which was later transformed into Title III of Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market (OJ L 84, 20.3.2014, p. 72).

instrument through adopting legislative amendments thereto, which is normally also the precondition or corollary of ratifying hard law treaties. Moreover, there would be no legal guarantee for any party that would align its patent law with the soft law provisions that the other parties would do the same. It would not be guaranteed, either, that such adaptations of national or regional legislation would take effect and become applicable basically at the same time in a sufficient number of jurisdictions ensuring a truly global coverage for the harmonised provisions.

- 13. Admittedly, it is not inconceivable that a soft law instrument would not be the end result of the entire harmonisation process, but would rather represent the first step towards the ultimate goal of concluding a treaty. However, the benefits of such a two-stage approach are somewhat unclear. The negotiating history of patent law harmonisation does not seem to underpin the assumption or expectation that it would be significantly easier to bridge differences, overcome deadlocks and reach an overall agreement if the latter were to be embodied in a soft law instrument, especially where there was an understanding that such instrument might later become, or form the basis of, a treaty. In addition, completing those two stages would most probably take more time than coming straight to the conclusion of a treaty without taking the longer course of a soft law curve even with a potentially longer or more strenuous negotiation process. As substantive patent law harmonisation is long overdue and is eagerly awaited by most of the stakeholders, the importance of the time factor should not be underestimated.
- 14. Another possible concern is that the institutional framework for adopting a soft law instrument seems to be lacking. Although Group B+ is very well organised, it is still a relatively loose, informal alliance without international legal personality and without any institutional backing such as an executive organ. This does not necessarily mean that Group B+ members would be prevented from adopting a soft law instrument among themselves. Nevertheless, as it has been shown above, soft law instruments are usually and generally adopted by already existing international organisations, and they are quite frequently linked to existing binding agreements. Both elements seem to be lacking in the case of a possible Group B+ soft law instrument, which might make its administration difficult or inefficient. On the other hand, the chances of having a soft law instrument of Group B+ adopted in WIPO as a Joint Recommendation on substantive patent law harmonisation are extremely slim (not to mention the likelihood of anything similar happening in the WTO).
- 15. A soft law instrument may not be the best means to achieve the already agreed objectives of substantive patent law harmonisation. In the B+ Sub-Group's paper entitled "Objectives and Principles, with Commentary on Potential Outcomes" (B+/SG/2/10, 27/05/2015, hereinafter referred to as the "OP Paper"), it is clearly stated that "[t]he global patent system should [...] [p]rovide legal certainty to inventors/applicants and third parties alike" and promote "consistent results in multiple jurisdictions". The Industry Trilateral has also underlined in its paper ¹⁸ (hereinafter referred to as the "IT3 Paper") that "a globally harmonized approach endorsed by all will be necessary. Furthermore, any solution should be sufficiently clearly defined to guarantee a uniform implementation in the different regions."

Preliminary recommendation A:

¹⁸ Industry Trilateral (AIPLA, BE, IPO, JIPA): Policy and Elements for a Possible Substantive Patent Harmonization Package, May 2015, p. 5.

In view of the above considerations, it is submitted that a soft law instrument would not be suitable for achieving the main goals of substantive patent law harmonisation or, at least, it would serve those goals significantly less efficiently than a binding international legal instrument (i.e. a treaty). Thus, it is recommended that any agreement reached on the harmonisation of substantive patent law should be implemented through a binding international legal instrument rather than soft law. [It will be examined below whether, and to what extent, such a binding instrument may still contain some elements with a "softening" effect such as optional provisions or alternatives.]

B. Classification of a binding international legal instrument

16. For the purposes of analyzing further implementation options, it is assumed that preliminary recommendation A contained in paragraph 15, above will find broad support and thus it can be followed through in this report, too. In addition, most of the implementation options listed in the Outline only relate to, and can only be interpreted in the context of, a binding international instrument (i.e. the fundamental and primary choice of formalising the results of the harmonisation process by concluding a treaty).

17. In this context, the expression "treaty" is used in the widest, generic meaning of the concept as defined by Article 2(a) of the 1969 Vienna Convention on the Law of Treaties (Vienna Convention): "'treaty' means an international agreement concluded between States¹⁹ in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments and whatever its particular registration".

18. As to the customary terminology for labelling binding international legal instruments, the Treaty Reference Guide of the UN Office for Legal Affairs²⁰ provides some guidance. While the terms of "treaty", "agreement" and "convention" can all be used as generic ones in view of the Vienna Convention and the Statute of the International Court of Justice, respectively, they also have their own specific meaning. The latter is described in the Treaty Reference Guide as follows:

"Treaty as a specific term: [...] Usually the term 'treaty' is reserved for matters of some gravity that require more solemn agreements. Their signatures are usually sealed and they normally require ratification."

"Agreement as a particular term: 'Agreements' are usually less formal and deal with a narrower range of subject-matter than 'treaties'. There is a general tendency to apply the

¹⁹ References in this report to States are not to be construed as being in any way prejudicial to the competence of intergovernmental organisations or their capacity to conclude treaties in the field of patents.

²⁰ UN Office of Legal Affairs (OLA), Treaty Section, Treaty Reference Guide; Definition of key terms used in the UN Treaty Collection; Glossary of terms relating to Treaty actions; https://treaties.un.org/Pages/Overview.aspx?path=overview/definition/page1_en.xml, retrieved on 01.04.2016.

The Guide stresses that "[i]t must however not be concluded that the labelling of treaties is haphazard or capricious. The very name may be suggestive of the objective aimed at, or of the accepted limitations of action of the parties to the arrangement. Although the actual intent of the parties can often be derived from the clauses of the treaty itself or from its preamble, the designated term might give a general indication of such intent. A particular treaty term might indicate that the desired objective of the treaty is a higher degree of cooperation than ordinarily aimed for in such instruments. Other terms might indicate that the parties sought to regulate only technical matters. Finally, treaty terminology might be indicative of the relationship of the treaty with a previously or subsequently concluded agreement."

term 'agreement' to bilateral or restricted multilateral treaties. It is employed especially for instruments of a technical or administrative character, which are signed by the representatives of government departments, but are not subject to ratification. Typical agreements deal with matters of economic, cultural, scientific and technical cooperation. [...] Especially in international economic law, the term 'agreement' is also used as a title for broad multilateral agreements (e.g. the commodity agreements). The use of the term 'agreement' slowly developed in the first decades of this century. Nowadays by far the majority of international instruments are designated as agreements."

"Convention as a specific term: Whereas in the last century the term 'convention' was regularly employed for bilateral agreements, it now is generally used for formal multilateral treaties with a broad number of parties. Conventions are normally open for participation by the international community as a whole, or by a large number of states. Usually the instruments negotiated under the auspices of an international organization are entitled conventions [...]. The same holds true for instruments adopted by an organ of an international organization [...]."

19. However, it is to be noted that in the field of intellectual property, the terminology used for labelling international instruments seems to slightly differ from the general UN canon as described above. For instance, it is the two main legal pillars and the constituent treaty of the organization itself that are called "conventions" in WIPO (namely, the Paris Convention, the Berne Convention and the Convention Establishing the World Intellectual Property Organization), and the other instruments, with a few exceptions, are labelled as either "treaties" or "agreements". The most recently adopted new instruments are all "treaties". As it is well-known, the TRIPS Agreement is a multilateral "agreement" of the WTO.

Preliminary recommendation B:

- 20. Having regard to the above, it is recommended that a binding international instrument containing harmonised substantive patent law provisions should take the form of, and be labelled as,
 - an *agreement* if it is concluded outside the institutional framework of WIPO, without establishing a new international organisation for its administration;
 - a treaty if it is intended to be concluded eventually under the aegis of WIPO;
 - a convention if it is concluded outside the institutional framework of WIPO and establishes a new international organisation for its administration (or entrusts it to an existing intergovernmental organisation).

C. Institutional aspects of a treaty-based solution

21. The next set of issues to be considered relates to certain institutional aspects of concluding a treaty on substantive patent law harmonisation. The choice between these institutional options does of course greatly depend on a number of policy and tactical considerations of Group B+ members. The two main questions to be examined in this regard are the following:

_

²¹ WIPO-Administered Treaties; http://www.wipo.int/treaties/en/

- should the negotiations aim at the conclusion of a stand-alone treaty or a treaty placed in a wider legal or institutional context?;
- what kind of relation, if any, should a possible future treaty on substantive patent law harmonisation have to other patent-related treaties?
- 22. In principle, nothing prevents Group B+ members from adopting a stand-alone treaty on their own, ²² i.e. without involving an already existing international organisation and without linking the treaty to any other treaty. In accordance with Article 9(1) of the Vienna Convention, the adoption of the text of the treaty would as a general rule require the consent of all the States participating in its drawing up. Most probably an international/diplomatic conference²³ would be convened to that end, which would render Article 9(2) of the Vienna Convention applicable, too.²⁴ However, it is presumed that even at such a conference parties would endeavour to adopt the text of the treaty by consensus, i.e. without having recourse to voting and deciding by some kind of majority that might possibly apply.
- 23. The major advantage of concluding a stand-alone treaty on substantive patent law harmonisation would of course be that once agreement is reached between Group B+ members on its content, those in agreement could without any further ado proceed to adopt the text of the treaty (setting aside for the purposes of this analysis the practical aspects of organising a Group B+ international conference for concluding the treaty, which could probably be overcome with the assistance of, among others, the Trilateral Offices). There would be no more hurdles to clear unlike in cases where the agreement reached within Group B+ would have to be channelled through the decision making bodies and procedures of an existing international organisation, which would require the support of the members of that organisation, including those outside Group B+. Admittedly, the process of "channelling through" would most probably require concessions and lead to adaptations of the treaty text put forward by Group B+, which might result in a version of that treaty that would be no longer acceptable to the members of Group B+. In short, the advantages of a stand-alone treaty would be basically twofold: speedier adoption and keeping the results of Group B+ negotiations intact.
- 24. The obvious drawback of a stand-alone treaty would be the lack of an institutional framework that could take care of the administration of the treaty once it has been concluded and has entered into force. While some technical issues such as those relating to the

²² It is, however, to be noted that the membership of Group B+ is somewhat mixed in that respect. It does not only include states but also organs or institutions of international organisations, namely the European Patent Office of the European Patent Organisation and the European Commission of the European Union. They are not subjects of international law and as such they do not possess the capacity to conclude treaties. On the other hand, they represent international organisations that have certain areas of competence in the field of patents, which may or may not include the conclusion of treaties on substantive patent law harmonisation (this is a matter to be considered internally within these organisations, and, therefore, it is not discussed any further in this report). In other words, while in the case of states it is the states themselves that are named as Group B+ members [and not the competent state organs representing them (e.g. national patent offices)], in respect of the intergovernmental organisations concerned it is one of their organs that is identified as a Group B+ member (and not the organisation itself).

²³ References in this report to a diplomatic conference or to the possibility of convening one should by no means be interpreted as reflecting any agreement already reached between Group B+ members on this issue and should not be regarded as any interference in the internal procedures Group B+ members would have to follow for concluding a treaty or in the fulfilment of their respective constitutional requirements.

²⁴ Under Article 9(2) of the Vienna Convention "[t]he adoption of the text of a treaty at an international conference takes place by the vote of two-thirds of the States present and voting, unless by the same majority they shall decide to apply a different rule."

depository of, or subsequent amendments to, the treaty could perhaps be dealt with even in the case of a stand-alone treaty, having no international organisation in charge of administering the treaty would most likely deprive the system of governing bodies and the possibility of a two-layer regulation of the issues (in other words, the possibility of having implementing regulations which could be amended by the competent governing body without the need to revise the treaty itself and without the need to have these rule-changes ratified).

These difficulties would of course be overcome if a stand-alone treaty on substantive patent law harmonisation were to establish a new, separate international organisation for the administration of that treaty. However, the feasibility and wisdom of creating such a new international organisation alongside, but entirely separately from, the existing, well-established ones are questionable. In addition, such a step might probably pose certain risks to the future of multilateralism in the field of intellectual property, especially within the already existing, competent international organisations. Nevertheless, at this stage, even this option, or sub-option, should not be discarded entirely.

Alternatively, the administration of a stand-alone treaty on substantive patent law harmonisation could possibly be entrusted to an existing international organisation such as WIPO. However, the acceptance of that task would normally be subject to a decision by the competent governing body of that organisation. This alternative could also be combined with the creation of a new intergovernmental organisation. The International Convention for the Protection of New Plant Varieties (UPOV) is certainly a case in point. [The International Union for the Protection of New Varieties of Plants (UPOV), established by the International Convention for the Protection of New Varieties of Plants, is an independent intergovernmental organisation having legal personality. Pursuant to an agreement concluded between WIPO and UPOV, the Director General of WIPO is the Secretary-General of UPOV and WIPO provides administrative and financial services to UPOV.]²⁶

25. Should the treaty on substantive patent law harmonisation be brought under the umbrella of an existing international organisation having patent-related competence, WIPO would of course be an obvious candidate.²⁷ It does already administer a number of important patent-related treaties [such as the Paris Convention, the Patent Cooperation Treaty (PCT) and the Patent Law Treaty (PLT)] and has a long and rich history of negotiations on harmonising substantive patent law,²⁸ including the 1991 Diplomatic Conference for the Conclusion of a Treaty Supplementing the Paris Convention as far as Patents are Concerned.²⁹

_

²⁵ Under Article 4(iii) of the Convention Establishing the World Intellectual Property Organization, the Organization, through its appropriate organs, and subject to the competence of each of the Unions may agree to assume, or participate in, the administration of any other international agreement designed to promote the protection of intellectual property. In addition, under Article 6(v) of the same Convention, the General Assembly shall approve the measures proposed by the Director General concerning the administration of the international agreements referred to in Article 4(iii) of the Convention.

²⁶ International Convention for the Protection of New Varieties of Plants (UPOV); http://www.wipo.int/wipolex/en/other_treaties/details.jsp?treaty_id=27

²⁷ Cf. Articles 3 and 4(i) to (iv) of the Convention Establishing the World Intellectual Property Organization.

²⁸ http://www.wipo.int/patent-law/en/patent_law harmonization.htm

²⁹ "In the aftermath of the failed 1991 Diplomatic Conference, many provisions of the Basic Proposal, including, inter alia, those relating to the term of patent protection, rights conferred by a patent and non-discrimination as to field of technology, were incorporated into the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). However, other issues, such as novelty and inventive step, were left unresolved. From 1995, discussions in WIPO focused on formality requirements under patent laws. These talks resulted in the adoption of the Patent Law Treaty (PLT) by the Diplomatic Conference on June 1, 2000, which harmonizes and streamlines formal procedures in respect of national and regional patent

26. Based on the International Bureau's summary,³⁰ it is worth recalling the most recent history of substantive patent law harmonisation (i.e. the negotiations on a draft Substantive Patent Law Treaty; hereinafter: "SPLT") under the aegis of WIPO.

In November 2000, the need for patent law harmonisation going beyond formalities led WIPO's Standing Committee on the Law of Patents (SCP), at its fourth session, 31 to decide to initiate work on harmonization of substantive patent law with a view to concluding a SPLT. The SCP agreed to focus initially on a number of issues of direct relevance to the grant of patents, in particular, the definition of prior art, novelty, inventive step/non-obviousness, industrial applicability/utility, the drafting and interpretation of claims and the requirement of sufficient disclosure of the invention. In May 2001 at its fifth session, 32 the SCP considered a first draft of the SPLT, 33 including draft Regulations and Practice Guidelines. 34 At its sixth session in November 2001,³⁵ the SCP revised the draft provisions, and agreed on an approach to establishing a seamless interface between the SPLT, the PLT and the PCT.³⁶ During the subsequent sessions of the SCP the contents of the draft SPLT were progressively broadened. While the SCP agreed in principle on a number of issues, such as the scope of the SPLT and the right to a patent, some provisions, such as patentable subject matter or the grounds for refusal of a claimed invention, raised concerns about the available flexibility in respect of national policies, recognized under current international treaties. Following these developments, at the tenth session of the SCP³⁷ in 2004, the United States of America, Japan and the European Patent Office submitted a joint proposal designed to focus on a reduced package of priority items including the definition of prior art, grace period, novelty and inventive step³⁸ which was, in essence, submitted as a proposal³⁹ to the General Assemblies. As no consensus was reached at the Assemblies, following the informal consultations held in 2005 in Casablanca, Morocco, the Director General submitted recommendations to the SCP.⁴⁰ While delegations recognized the importance of the work of the SCP and emphasized that the work on patent law harmonisation should progress taking into account the interests of all

applications and patents." WIPO – Patent Law Harmonization; http://www.wipo.int/patent_law/en/patent_law_harmonization.htm.

³⁰ WIPO: Draft Substantive Patent Law Treaty; http://www.wipo.int/patent-law/en/draft_splt.htm

³¹ SCP/4, November 6 to November 10, 2000; http://www.wipo.int/meetings/en/details.jsp?meeting_id=4203, see in particular: SCP/4/2, September 25, 2000, Suggestions for the Further Development of International Patent Law, Document prepared by the International Bureau; http://www.wipo.int/edocs/mdocs/scp/en/scp_4/scp_4_2.pdf

³² SCP/5, May 14 to May 19, 2001; http://www.wipo.int/meetings/en/details.jsp?meeting id=4302

³³ SCP/5/2, April 4, 2001, Draft Substantive Patent Law Treaty, Document prepared by the International Bureau; http://www.wipo.int/edocs/mdocs/scp/en/scp_5/scp_5_2.pdf

³⁴ SCP/5/3, April 4, 2011, Draft Regulations and Draft Practice Guidelines under the Draft Substantive Patent Law Treaty, Document prepared by the International Bureau; http://www.wipo.int/edocs/mdocs/scp/en/scp 5/scp 5 3.pdf

³⁵ SCP/6, November 5 to November 9, 2001; http://www.wipo.int/meetings/en/details.jsp?meeting_id=4437

³⁶ SCP/6/5, September 24, 2001, Study on the Interface between the SPLT, the PLT and the PCT (Interface Study); http://www.wipo.int/edocs/mdocs/scp/en/scp_6/scp_6_5.pdf

³⁷ SCP/10, May 10 to May 14, 2004; http://www.wipo.int/meetings/en/details.jsp?meeting_id=5084

³⁸ SCP/10/9, April 22, 2004, Proposal from the United States of America, Japan and the European Patent Office Regarding the Substantive Patent Law Treaty (SPLT);

http://www.wipo.int/edocs/mdocs/scp/en/scp_10/scp_10_9.pdf

³⁹ WO/GA/31/9, July 23 2004, Proposal by the United States of America, Japan and the European Patent Office for Establishing a New Work Plan for the Standing Committee on the Law of Patents (SCP); http://www.wipo.int/edocs/mdocs/govbody/en/wo_ga_31/wo_ga_31_9.pdf

⁴⁰ SCP/11/3, March 7, 2005, Future Work Programme for the Standing Committee on the Law of Patents, Document prepared by the Secretariat; http://www.wipo.int/edocs/mdocs/scp/en/scp 11/scp 11 3.pdf

parties, they did not reach agreement as to the modalities and scope of the future work of the Committee. As a result, the SPLT negotiations were put on hold in 2006.

Since then the draft SPLT has not found its way back onto the SCP's agenda, and it did not feature on the agenda of the SCP's last session, either.⁴¹

27. So far the prevailing view in WIPO has been that, should a Diplomatic Conference for the conclusion of the SPLT be eventually convened, the General Assembly would be competent to decide on it, after the necessary preparatory work in the SCP. However, given the current state of affairs in WIPO in general and in the SCP in particular, it is extremely unlikely that the necessary support for such an initiative could possibly be gained, let alone that consensus could be built around it. 42 Although there is a quite recent precedent for a Diplomatic Conference convened by an Assembly of a Special Union and held with voting rights reserved for the members of that Union, namely the Diplomatic Conference that adopted, in May 2015, the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, 43 this precedent does not seem relevant in the context of patent law harmonisation for a couple of reasons. The revision of the Lisbon Agreement has been a unique and special process in WIPO and has been heavily criticised by a considerable number of WIPO member states. In addition, there does not seem to exist any Special Union or any special governing body within WIPO that might take a similar decision on convening a Diplomatic Conference for the adoption of an SPLT-type instrument. Although the PLT Assembly may decide to convoke a revision conference, it is hardly conceivable that it could do so with a view to extending the scope of that Treaty to substantive patent law.⁴⁴

28. Should the treaty on substantive patent law harmonisation be brought under the umbrella of an existing international organisation having patent-related competence, the WTO could perhaps also be considered, particularly in view of the fact that the TRIPS Agreement does indeed include substantive patent law standards. In principle, under Article X of the Agreement establishing the World Trade Organization (WTO Agreement), there are mechanisms for proposing and accepting amendments to the TRIPS Agreement as one of the Multilateral Trade Agreements. What is more, Article X of the WTO Agreement lays down a somewhat simplified procedure in which amendments to the TRIPS Agreement meeting the requirements of paragraph 2 of Article 71 thereof may be adopted by the Ministerial Conference without any further formal acceptance process. However, application of that simplified procedure would presuppose the conclusion (and extremely wide acceptance) of another multilateral agreement; this provision of the TRIPS Agreement has not been used thus far. ⁴⁵ In spite of these theoretical possibilities of bringing substantive patent law

_

⁴¹ SCP/23, November 30 to December 4, 2015; http://www.wipo.int/meetings/en/details.jsp?meeting_id=35600, see in particular the agenda of that session: SCP/23/1, November 30, 2015, Agenda adopted by the Standing Committee; http://www.wipo.int/edocs/mdocs/scp/en/scp_23/scp_23_1.pdf

⁴² Not to mention the concessions that would most probably have to be made in respect of other dossiers and initiatives in an effort to obtain support for substantive patent law harmonisation.

⁴³ Diplomatic Conference for the Adoption of a new Act of the Lisbon Agreement - The Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications; http://www.wipo.int/meetings/diplomatic_conferences/2015/en/

⁴⁴ Cf. Articles 2(2), 18(4) and 19(1) PLT.

⁴⁵ Pursuant to Article 71(2) of the TRIPS Agreement (TRIPS), "[a]mendments merely serving the purpose of adjusting to higher levels of protection of intellectual property rights achieved, and in force, in other multilateral agreements accepted under those agreements by all Members of the WTO may be referred to the Ministerial Conference for action in accordance with paragraph 6 of Article X of the WTO Agreement on the basis of a consensus proposal from the Council for TRIPS". It seems extremely difficult for a substantive patent law harmonisation initiative to clear all the hurdles inherent in the procedure laid down by the provisions quoted

harmonisation under the WTO's umbrella, at present these avenues do not seem to be worth exploring any further, in view of the current state of affairs in that organisation and, in particular, within its Council for TRIPS.

29. Although the Plenary Meeting Report refers to, and acknowledges, "the relevance of trade agreements" such as, presumably, the Trans-Pacific Partnership, 46 the EU-Japan Free Trade Agreement or the Transatlantic Trade and Investment Partnership, it also notes that users want "an agreement on a package consistent across major patenting jurisdictions, which could only be achieved multilaterally". Indeed, it is difficult to see how internationally harmonised results and uniform implementation in multiple jurisdictions could be ensured through segmented and uncoordinated bilateral or regional trade pacts, even if some express the view that the efficiency of bargaining about and, later on, enforcing IP-related provisions may be greater where they are negotiated and agreed upon as part of a trade policy instrument (although this latter aspect may be regarded as irrelevant in the context of substantive patent law harmonisation and this view is not shared by all the members of the workstream). In addition, a further concern about including substantive patent law provisions in such trade agreements is that this kind of context may limit the extent to which these provisions may be elaborate and technically precise. Some take the view that the flexibility which could be necessary to subsequently adapt rules of a more technical nature (e.g. at the level of implementing regulations) would most probably be lost, too. Others argue that a trade agreement can provide more flexibility for implementing rules than would have been possible during substantive patent law harmonisation discussions in the past.

Preliminary recommendation C1:

- 30. It would be premature to come up with a strong recommendation on the issues analysed above. The pros and cons of the various institutional options for a possible treaty on substantive patent law harmonisation are manifold and quite complex, and it is difficult, if not impossible, to identify an optimal solution. Nevertheless, the following scheme might perhaps prove the preferred one: a stand-alone treaty establishing a new international organisation with its own governing bodies but entrusting the administration of the treaty to WIPO through an UPOV-type arrangement.
- 31. The other main institutional aspect of concluding a treaty on substantive patent law harmonisation is the kind of relation, if any, it may have to other patent-related treaties. There are a number of ways in which one treaty can be related to another. The strongest institutional link⁴⁷ can perhaps be found in those cases where a treaty constitutes a protocol to another treaty⁴⁸ or supplements it in some other way,⁴⁹ or, in the WIPO context, where two or more

above. See *Anthony Taubman*, *Hannu Wager*, *Jayashree Watal*: A Handbook on the WTO TRIPS Agreement, Cambridge, 2012, p. 29.

⁴⁶ Office of the United States Trade Representative: The Trans-Pacific Partnership, Intellectual Property; https://medium.com/the-trans-pacific-partnership/intellectual-property-3479efdc7adf#.e99wubbew

⁴⁷ Not to mention revision acts of existing treaties such as those within WIPO's Hague and Lisbon systems. See also Articles 30, 40 and 41 of the Vienna Convention.

⁴⁸ See WIPO's Madrid Agreement Concerning the International Registration of Marks and its Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, plus the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement; http://www.wipo.int/madrid/en/legal_texts/

⁴⁹ For instance, the 1991 Diplomatic Conference was convened "for the Conclusion of a Treaty Supplementing the Paris Convention as far as Patents are Concerned". See the Basic Proposal submitted to that Conference: SCP/4/3, October 2, 2000, Text of the Basic Proposal for the Treaty and the Regulations as Submitted to the Diplomatic Conference for the Conclusion of a Treaty Supplementing the Paris Convention as far as Patents are

treaties belong to the same Union. ⁵⁰ There are cases where membership in a treaty is an eligibility criterion for becoming party to another treaty. ⁵¹ Moreover, in some other cases a substantive provision in a Treaty may prescribe adherence to, or compliance with, another treaty. ⁵² (The International Bureau has pointed out that "it has been the practice of WIPO of late not to condition membership in one treaty upon membership in another treaty. Thus, the PLT itself requires only that Contracting Parties implement the provisions of the Paris Convention relating to patents, and not that they be party to that Convention," although requiring adherence "may be more effective".) ⁵³ Last but not least, a treaty may include provisions safeguarding those of (or the rights and/or obligations under) another treaty. ⁵⁴ Although the preceding list of options may not be exhaustive, it will be taken as a basis for further analysis. It is these options that will be examined below in respect of the main patent-related treaties: the Paris Convention, the TRIPS Agreement, the PLT and the PCT. In respect of the latter two, a study prepared by the International Bureau⁵⁵ will be heavily relied upon.

Concerned, the Hague June 3 to 28, 1991, Document prepared by the International Bureau (Basic Proposal of 1990); http://www.wipo.int/edocs/mdocs/scp/en/scp_4/scp_4_3.pdf.

⁵⁰ See e.g. WIPO's Madrid Union. As to the legal nature of WIPO's Unions, the following explanations and clarifications have been offered. In Bodenhousen's view, "[t]he countries to which the [Paris] Convention (in whatever text is still in force) applies constitute a *Union* for the protection of industrial property. This is more than a declaration of principle; it has important legal effects. In the first place, in creating a Union, the Paris Convention has not merely remained a treaty establishing rights and obligations for its member States and, wherever permitted by the constitutions of these States [...], also for private parties, but has established a legal entity in international law with certain organs to carry out its objectives. One of the effects of this legal construction is that the Union forms a single entity from the administrative point of view: there is only one budget and one set of accounts, and there is no separate administration for each separate Act of the Convention, although the member countries pay their contributions on the basis of these different Acts. Secondly, the character of the Union is such that a State acceding to the most recent Act of the Convention becomes bound with respect to all member States of the Union, even those which have not yet acceded to the most recent Act. Similarly, denunciation of the most recent Act of the Convention is deemed to constitute also denunciation of all earlier Acts. Thus, a State can only enter and leave the Union as a whole. This is important because the nationals of such State, and those assimilated to these nationals, may thus require (or, in the case of denunciation, no longer require) the application of the Convention in all member States of the Union." G. H. C. Bodenhousen: Guide to the Application of the Paris Convention for the Protection of Industrial Property, BIRPI/WIPO, Geneva, 1991, pp. 19-20 [original footnotes omitted]. Another commentary describes WIPO's Unions (particularly the Paris Union) as follows: "[t]he exact legal nature of the 'Union' is still unclear. The prevailing view considers the 'Union' as a separate legal entity under international law. The Union forms a single administrative entity for all Acts, with the necessary organs to carry out certain tasks." Martin Pflüger: Paris Convention for the Protection of Industrial Property, in: Concise International and European IP Law, ed.: Thomas Cottier, Pierre Véron, p. 267. On the other hand, Article 2(vii) of the Convention of the World Intellectual Property Organization contains a somewhat broader definition of Unions, under which even agreements that do not specifically create a Union are also defined as "Unions". Pursuant to that provision, "'Unions' shall mean the Paris Union, the Special Unions and Agreements established in relation with that Union, the Berne Union, and any other international agreement designed to promote the protection of intellectual property whose administration is assumed by the Organization according to Article 4(iii) [of the WIPO Convention]."

⁵¹ For instance, under Article 14(1) of the Madrid Protocol membership in the Paris Convention is an eligibility criterion for becoming party to that Protocol. See also Article 14(2)(a) of the Madrid Agreement, Article 14(2)(a) of the Lisbon Agreement and Article 33(1) of the Basic Proposal of 1990 (see footnote 49).

⁵² Compliance with the Paris Convention or certain provisions thereof is required e.g. by Article 15(1) PLT, Articles 15 and 16 of the Trademark Law Treaty (TLT), Articles 15 and 16 of the Singapore Trademark Law Treaty (STLT), Article 2(2) of the Geneva Act of the Hague Agreement and Article 2(1) TRIPS. In addition, implementation of, or adherence to, the PLT would have been required under Article 22 of the Draft Substantive Patent Law Treaty of 2001 (see footnote 33).

⁵³ Interface Study (see footnote 36), p. 5.

⁵⁴ See e.g. Article 1(2) PCT, Article 15(2) PLT, Article 2(1) of the Geneva Act of the Hague Agreement and Article 2(2) TRIPS.

⁵⁵ Interface Study, see footnote 36.

32. As it seems, a treaty on substantive patent law harmonisation would certainly constitute a special agreement within the meaning of Article 19 of the Paris Convention, whether or not that treaty would explicitly confirm it. It is of course to be noted that "the countries of the [Paris] Union" have "the right to make separately between themselves special agreements for the protection of industrial property" on condition that these agreements "do not contravene the provisions" of the Paris Convention. It is, however, presumed that a future treaty on substantive patent law harmonisation would by no means contravene the provisions of the Paris Convention. Nevertheless, Article 19 of the Paris Convention only requires the special agreement not to contravene the provisions of that Convention, but it does not place the parties to such a special agreement under any obligation to comply with the relevant provisions of the Paris Convention. Therefore, there might be a need for a provision in a substantive patent law treaty that would ensure that parties to the treaty comply with the patent-related provisions of the Paris Convention. This could be achieved by either a substantive provision requiring such compliance, ⁵⁶ or by making membership in the Paris Convention one of the eligibility criteria for becoming party to the treaty,⁵⁷ or, maybe, by both. As there may be some intergovernmental organisations among the potential contracting parties, there will be a need to define this eligibility criterion in a way specific to them, following the relevant models of certain WIPO-administered treaties.⁵⁸ Establishing this kind of relationship with the Paris Convention is recommended, although at first glance it may appear superfluous as all the members of Group B+ are parties to, or bound by, the Paris Convention. However, should a treaty on substantive patent law harmonisation be intended to extend beyond the current membership of Group B+, it would certainly make sense to lay down at least this minimum threshold for joining the treaty. On the other hand, it may not prove necessary to explicitly provide for the a establishment of a (special) Union, as administration of the treaty can be entrusted to WIPO even without such a provision, due to the broad definition of Unions in the WIPO Convention (as a result of which, for the purposes of that Convention, even an UPOV-type arrangement would amount to a "Union").⁵⁹

33. There are relatively few multilateral IP treaties establishing a specific and explicit relation to the relevant provisions of the TRIPS Agreement. The safeguard clause contained in Article 2(1) of the Geneva Act of the Hague Agreement, a reference to a TRIPS-provision in Article 11(b) of the Marrakesh Treaty and the Agreed Statement concerning Article 1(3) of the Beijing Treaty could be mentioned as examples. Including a TRIPS-reference (either a safeguard, or a compliance requirement) in a future treaty on substantive patent law harmonisation does not seem indispensable, although it may be advisable and may prove useful if a truly global coverage (beyond the current Group B+) is eventually envisaged for the treaty. It seems obvious that Article 5 TRIPS would not apply to a treaty exclusively

_

⁵⁶ Compliance with the Paris Convention or certain provisions thereof is required e.g. by Article 15(1) PLT, Articles 15 and 16 of the Trademark Law Treaty (TLT), Articles 15 and 16 of the Singapore Trademark Law Treaty (STLT) and Article 2(2) of the Geneva Act of the Hague Agreement.

⁵⁷ See e.g. Article 14(1) of the Madrid Protocol, Article 14(2)(a) of the Madrid Agreement, Article 14(2)(a) of the Lisbon Agreement and Article 33(1) of the Basic Proposal of 1990 (see footnote 49). Articles 20(2) and 20(3) PLT deserves mentioning, too, although under those provisions WIPO membership of at least one member State of the IGO in question could substitute for membership in the Paris Convention and would alone make the IGO eligible for becoming party to that Treaty.

⁵⁸ For instance, Article 14(1)(b) of the Madrid Protocol, Article 28(1)(iii) of the Geneva Act of the Lisbon Agreement and Article 33(1)(ii) and (iii) of the Basic Proposal of 1990 (see footnote 49).

⁵⁹ See Article 2(vii) of the WIPO Convention, paragraph 24 of the report, and footnote 50.

dealing with substantive patent law.⁶⁰ In addition, as it has been explained above, it is highly unlikely that the procedure laid down in Article 71(2) TRIPS⁶¹ would ever be considered in respect of a substantive patent law treaty.

34. Turning now to the relationship with the PCT and the PLT, a study prepared by the International Bureau of WIPO in 2001 could provide relevant guidance (SCP/6/5, Study on the Interface between the SPLT, the PLT and the PCT (Interface Study). As that study is available to the public on WIPO's website, only the most important passages are quoted below.

"The PLT is expressly directed toward harmonization of procedures, and not to harmonization of substantive law. This is stated clearly in Article 2(2) of the PLT:

'(2) [No Regulation of Substantive Patent Law] Nothing in this Treaty or the Regulations is intended to be construed as prescribing anything that would limit the freedom of a Contracting Party to prescribe such requirements of the applicable substantive law relating to patents as it desires.'

[...] In contrast, the States members of the SCP have made clear their intention that the SPLT be directed toward substantive law [...].

[...] In order to arrive at a completely and consistently harmonized system, the PLT and the SPLT should interface seamlessly, that is, in such a way that (i) they do not conflict or contradict; (ii) they cover the full range of patent practice, and do not leave legal or procedural gaps; (iii) they interlock in a legally sound and practical way, and are capable of implementation without confusion; and (iv) they achieve full harmonization, that is, they are, in combination, implemented uniformly by all Contracting Parties. Toward this goal, the SPLT expressly requires that all SPLT Contracting Parties implement the provisions of the PLT."

"[T]he International Bureau would recommend that the SPLT be drafted in the following way, to achieve a seamless interface with the PLT and the PCT:

- (i) formality requirements for filing a complete application (PLT Article 6(1)), and requirements for the contents and presentation of the request part of the application (PLT Article 6(2)) are governed by the PLT, incorporating by reference the relevant requirements of the PCT, with some modifications. If necessary, those modifications could be included in the SPLT. Offices must accept applications which conform to these requirements as complete applications [...], but would be free to accept other applications as well;
- (ii) formality requirements strongly linked to substance concerning, for example, the contents and presentation of the other parts of the application (namely, description, claims, drawings and abstract), for the purposes of search, examination and grant, are governed by the SPLT, incorporating by reference the relevant requirements of the PCT, with some modifications.

⁶⁰ Article 5 TRIPS reads as follows: "The obligations under Articles 3 and 4 [National Treatment and Most-Favoured-Nation Treatment] do not apply to procedures provided in multilateral agreements concluded under the auspices of WIPO relating to the acquisition or maintenance of intellectual property rights."

⁶¹ See footnote 45.

⁶² See footnote 36.

Offices must accept applications which conform to these requirements for the purposes of search, examination and grant, but would be free to accept other applications as well;

(iii) requirements concerning the substantive examination of claims (namely, definition of prior art, disclosure of the claimed invention, patentable subject matter, novelty, inventive step/non-obviousness and, if included, industrial applicability/utility) are governed by express provisions in the SPLT. Offices may not examine claims using any different requirements.

The result would be a uniform standard for preparing applications for filing, search and examination, whereby purely formal aspects, and formal aspects linked to substance, would be harmonized for national and regional applications (under the PLT and the SPLT) and would be the same as for PCT applications, except where otherwise provided by the SPLT. Substantive requirements for patentability would be harmonized among national and regional offices through express provisions in the SPLT, resulting in theoretically uniform results among the offices." 63

Preliminary recommendation C2:

35. It is recommended that the approach set out in the International Bureau's study be followed also in the context of Group B+ negotiations on a possible treaty on substantive patent law harmonisation, although, given the more limited scope of the current exercise, it is understood that such a treaty would most probably not address the middle category of issues, namely, the formal aspects strongly linked to substance.

It is also understood that while the PLT and any future SPLT would certainly complement each other in the way described in the International Bureau's study, this means neither that the substance of a possible treaty on substantive patent law harmonisation should be linked to, or made dependent on the PLT, nor that membership in, or compliance with, the PLT should necessarily be a prerequisite for becoming party to such a treaty.

D. Options for approaching harmonisation

36. A treaty may bring about harmonisation of substantive patent law in various ways. The actual extent, or depth, of harmonisation may greatly depend on the approach such a treaty takes. It has to be stressed at the outset that, obviously, the less optional provisions are included in a treaty and the narrower scope they have, the bigger the chances are that the instrument will achieve real harmonisation, or even uniformity, and that it will ensure that the same rules lead to the same decisions and results in multiple jurisdictions. This chapter will focus on the following main issues:

- Should the treaty contain optional provisions or even optional chapters, or should it constitute a mandatory package of provisions?
- Should reservations be allowed?
- Should there be some scope for a "minimum harmonisation approach"?

⁶³ Interface Study (footnote 36), pp. 4-8. In a footnote, the International Bureau even hints at the possibility "that, in the future, the PLT and SPLT, and perhaps even the PCT, be combined into a single instrument." Footnote 2 of that Study.

- 37. The question whether or not a treaty on substantive patent law harmonisation should include optional provisions (or even optional parts/chapters) is by far not a simple editorial or formal one. Under international law (more specifically, under the law of treaties) it is certainly possible and customary to include optional provisions into international legal instruments that are otherwise legally binding. It is to be noted that the concept of "optional provision" covers a wide range of legal techniques providing contracting parties with flexibilities in implementing a treaty. To draw up an exhaustive list of those techniques would certainly be difficult, if not impossible. In addition, such an attempt would not directly serve the purposes of this report and would most likely go beyond its limits. Therefore, it is only the main and most relevant types of optional provisions that will be analysed below in the context of a possible treaty on substantive patent law harmonisation.
- 38. The PLT ensures flexibility for the contracting parties in the sense that it provides for a maximum list of requirements. ⁶⁴ Under that scheme, if an applicant submits an application which conforms to the PLT, the office of a contracting party must accept that application, and cannot impose any additional requirements that are not contained in that treaty. This follows from the general principle set out in Article 2(1) PLT, under which "[a] Contracting Party shall be free to provide for requirements which, from the viewpoint of applicants and owners, are more favorable than the requirements referred to in this Treaty and the Regulations", ⁶⁵ and from those provisions of the PLT that prohibit requirements other than those prescribed by the PLT and its Regulations. ⁶⁶ This kind of approach to harmonisation would, however, be quite difficult to follow in the case of the substantive patent law provisions currently being discussed in Group B+. Harmonisation would be deprived of its meaning and effect if contracting parties were generally allowed to provide for, and apply, patentability criteria "more favourable from the viewpoint of applicants and owners". On the other hand, this does not necessarily mean that in certain, very limited cases such an approach could not be followed at all in this particular context.
- 39. Another approach to harmonisation that may bring flexibility is what is usually referred to as "minimum harmonisation" or "minimum standards". A classic example is Article 1(1) TRIPS, under which "Members may, but shall not be obliged to, implement in their law more extensive protection than is required by [the TRIPS] Agreement, provided that such protection does not contravene the provisions of [the TRIPS] Agreement." Nevertheless, a "minimum standards" approach would again be difficult to follow in respect of the substantive patent law issues being considered by Group B+. It would run the risk of not meeting one of the objectives of the global patent system as identified by the OP Paper, namely, that "[t]he global patent system should be [...] balanced", and thus it should ensure "a fair balance between the rights of inventors/applicants and third parties". Should a party be allowed to implement in its law more extensive protection of the rights of

⁶⁴ Interface Study (footnote 36), p. 7.

⁶⁵ This principle, however, does not apply to Article 5 PLT, which concerns the filing date.

⁶⁶ For instance, Articles 7(4), 11(5), Rules 16(7), 17(7), 18(5) and 19(2) PLT.

⁶⁷ In *Gervais*'s view Article 1(1) TRIPS "indicates that Member countries may go beyond TRIPS, which thus sets minimum standards." *Daniel Gervais*: The TRIPS Agreement – Drafting History and Analysis, London, 1998, p. 42. Another commentary provides the following analysis of Article 1(1) TRIPS: "the TRIPS Agreement sets out minimum standards of protection to be provided by each Member. [...] For example, Members may provide for longer terms of protection than that mandated by the TRIPS Agreement but they are not required to do so; however, they cannot do this in a way that conflicts with TRIPS provisions. For instance, in light of the principle of non-discrimination, longer protection could not be made available only to nationals of one country." *Anthony Taubman, Hannu Wager, Jayashree Watal*: A Handbook on the WTO TRIPS Agreement, Cambridge, 2012, pp. 13-14.

inventors/applicants, it could tilt the balance in their favour and to the detriment of third parties. An obvious example in this regard is the balance that has to be struck in respect of the grace period between patentee rights and third party prior user rights.⁶⁸

40. Flexibility can of course be ensured also by allowing reservations to be made. Under Article 2(1)(d) of the Vienna Convention "'reservation' means a unilateral statement, however phrased or named, made by a State, when signing, ratifying, accepting, approving or acceding to a treaty, whereby it purports to exclude or to modify the legal effect of certain provisions of the treaty in their application to that State." It is Articles 19 to 23 of the Vienna Convention that contain a number of general provisions on reservations; as a general rule, they apply on a subsidiary basis, i.e. unless the particular treaty provides otherwise. As the UN Treaty Reference Guide explains "[a] reservation enables a state to accept a multilateral treaty as a whole by giving it the possibility not to apply certain provisions with which it does not want to comply. Reservations must not be incompatible with the object and the purpose the treaty. Furthermore, a treaty may prohibit reservations or only allow for certain reservations to be made."69 Under Article 21 of the Vienna Convention, the general legal effect of a reservation affecting another party or other parties seems to be a reciprocal one: it also modifies the provision to which the reservation relates to the same extent for the other party/parties in its/their relations with the reserving party. However, under IP treaties this effect may be subject to some alterations or variations due to some fundamental principles such as national treatment, which can, and in quite a few cases does, complicate matters further.

41. Reservations as such are not entirely alien to IP legal instruments, not even to patent-related ones.⁷⁰

Under Article 64(1) PCT, 71 it is possible to exclude the application of an entire chapter (Chapter II, International Preliminary Examination). 72 In theory, consideration could be given to a scheme under which a future treaty on substantive patent law harmonisation might contain optional chapters or parts in the sense that parties would be allowed to opt-out from them by making a declaration (i.e. reservation) similar to the one provided for in Article 64(1) PCT. This idea could even be stretched to considering separate harmonisation treaties on different aspects of substantive patent law, maybe concluding them gradually and perhaps with potentially different members. However, the prevailing view in Group B+ seems to be that efforts should aim at a package consisting of a coherent set of all the relevant and mostly inter-related provisions. This is reflected in paragraph 15 of Chair's Note stating that "it seems clear that if we are to move forward with maximum agreement then: - [t]he issues must

 $^{^{68}}$ Group B+ Workstream Draft Report on Non-Prejudicial Disclosures/Grace Period, Rev. 4, 22.4.2016, Drawn up on behalf of the Chair, European Patent Office (GPWS Draft Report) , pp. 48-51.

⁶⁹ UN Office of Legal Affairs (OLA), Treaty Section, Treaty Reference Guide; Definition of key terms used in the UN Treaty Collection; Glossary of terms relating to Treaty actions;

https://treaties.un.org/Pages/Overview.aspx?path=overview/definition/page1_en.xml, retrieved on 08.04.2016. See also the UN Handbook – Final Clauses of Multilateral Treaties, United Nations, 2003, https://treaties.un.org/doc/source/publications/FC/English.pdf; as the Handbook clarifies "[r]eservations restrict or modify the effects of treaties but they may help to promote international relations by enabling States to

participate in treaties that they would not participate in without reservations.", Handbook, p. 45. ⁷⁰ See e.g. Article 23 PLT, Article 64 PCT, Article 35, Alternative B of the Basic Proposal of 1990 (see footnote 49)

⁷¹ "Any State may declare that it shall not be bound by the provisions of Chapter II."; Article 64(1)(a) PCT.

⁷² However, it is noteworthy that currently there is no declaration/reservation in force under Article 64(1) PCT.

WIPO: PCT Reservations, Declarations, Notifications and Incompatibilities (status on 18 September 2015);

http://www.wipo.int/pct/en/texts/reservations/res_incomp.html

ultimately be dealt with as a package [...]." However, admittedly, paragraph 14 of the Plenary Meeting Report) has sent out a somewhat more mixed signal by pointing out that: "[s]ome delegations suggested that the issues would eventually need to be addressed as a package, while others believed that, where possible, opportunities should be taken without the need for a package." On the other hand, the message from the industry is loud and clear on this aspect. In its submissions, Industry Trilateral has consistently referred to a package or an overall package, 73 although without taking a final position on exactly what elements that package could or should include. 74

42. Multilateral IP treaties quite frequently contain a number of provisions, apart from reservations, that allow parties certain – usually well-defined – regulatory flexibilities. These clauses are customarily referred to as "may" provisions, although they can of course take different grammatical forms and their construction may follow various patterns. In substance, they may permit parties to depart from a treaty provision by providing either more⁷⁵ or less⁷⁶ than what is required by that treaty provision within their legal systems, or by providing for an alternative regulatory solution.⁷⁷ Some of them may authorize parties to make exceptions to, or impose limitations on, e.g. rights provided for in another treaty provision. 78 Unlike reservations, these clauses are usually not subject to adherence to any formalities. Nor do they normally result in reciprocal legal effects in the other parties. Some of these optional provisions only allow parties to maintain in force already existing national (or regional provisions),⁷⁹ while some of them also authorize them, explicitly or implicitly, to introduce new ones. Furthermore, it is also to be noted that there seems to be a "grey zone" between reservations proper and simple "may" or otherwise optional provisions, as quite a few WIPOadministered treaties contain some declaration-based regulatory options for contracting parties. 80 (One essential difference between a "may" provision and a reservation is the transparency of the latter: all contracting parties are on notice that a different norm applies in a particular aspect for one of the parties.)

43. Moreover, in the PCT system there is a special mechanism for safeguarding national laws in cases where, certain Rules, as a result of their amendment, may have become incompatible with the law of a contracting state.⁸¹ Due to Article 16(2) PLT, this safeguard effect is also extended to the application of the PLT and its Regulations.

Preliminary recommendation D1:

_

⁷³ IT3 Paper (footnote 18), p. 1., Industry Group Report to Group B+ Harmonization Subgroup, Alexandria, VA, 22 February 2016, slide 3.

⁷⁴ Industry Group Report to Group B+ Harmonization Subgroup, Alexandria, VA, 22 February 2016, slide 15.

⁷⁵ For instance, Articles 5(1)(c), 5(2)(a), 6(2)(a), 6(3), 8(2), 13(5) PLT, Article 29(2) TRIPS, Articles 3(1)(b), 6(3), 8(2), 8(5), 8(6)(b), 13(1)(a), 17(3), 22(1) of the Basic Proposal of 1990 (see footnote 49), Article 4 of the Draft Substantive Patent Law Treaty of 2001 (see footnote 33).

⁷⁶ See e.g. Article 2(1) PLT, Articles 4(5)(b), 10(2) [Alternative A],13(4)(b), 19(3) and 21(2) of the Basic Proposal of 1990 (see footnote 49).

⁷⁷ In respect of conflicting applications ("Prior Art Effect of Certain Applications"), Article 13 of the Basic Proposal of 1990 lays down basically two alternative schemes. See also Article 21(2)(c) and 24(1)(b) of that Proposal (see footnote 49) as well as Article 34(2) TRIPS.

⁷⁸ Articles 27(2) and (3) and 30 TRIPS, Article 19(3) of the Basic Proposal of 1990 (see footnote 49).

⁷⁹ Articles 8(2)(b), 15(1)(b), 18(2)(b) and 24(1)(b) [Alternative B] of the Basic Proposal of 1990 (see footnote 49).

⁸⁰ See e.g. the Articles of the Basic Proposal of 1990 listed in the preceding footnote.

⁸¹ WIPO: PCT Reservations, Declarations, Notifications and Incompatibilities (status on 18 September 2015); http://www.wipo.int/pct/en/texts/reservations/res_incomp.html

44. As the International Bureau has rightly pointed out in its Interface Study, substantive aspects [i.e. the "substantive (non-formal) requirements (for example, definition of prior art and the substantive conditions of patentability) under which the claims are evaluated for patentability" "would require full harmonization, that is, an exact standard rather than a maximum requirement", as this would be necessary "to accomplish the [...] goals of mutual recognition of search and examination results". "Full harmonization of the standards used for search and examination of claims would mean, theoretically, that each Office, examining the same application from the same inventor, would reach the same result concerning patentability." It is recommended that this approach be followed within Group B+ and that negotiations should aim at a treaty on substantive patent law harmonisation that contains mandatory provisions laying down uniform and exact standards. It is further recommended that it should either include no optional provisions, or only allow parties to exercise some precisely circumscribed regulatory flexibilities where this proves indispensable and inevitable.

Preliminary recommendation D2:

45. In addition, should a grace period be agreed to, it is particularly recommended that a future patent law harmonisation treaty should establish a coherent and tight set of mandatory provisions on the grace period/non-prejudicial disclosures. Clearly, this is what would conform to one of the basic principles set out in the OP Paper, namely, that "[a]ny system which allows an invention to be patented after disclosure should [...] provide a high level of legal certainty for applicants and third parties [...] [and] be applicable according to globally harmonised principles and rules so as to promote consistent results in multiple jurisdictions". 83 The IT3 Paper has also endorsed this approach. 84

In this regard, it is noted that the impact of differences in national/regional patent laws on applicants' behaviour may be that they adapt their strategies to the strictest regime irrespective of the advantages offered by other jurisdictions.⁸⁵

46. Last but not least, it is also worth recalling that neither the Basic Proposal of 1990, nor the Draft Substantive Patent Law Treaty of 2001 contained optional provisions or any other flexibilities concerning the grace period.⁸⁶

⁸³ OP Paper, p. 2. The GPWS Draft Report (footnote 68) further elaborates on this aspect: "In the exercise of harmonisation, sifting through the desirable features of a norm will primarily be determined by policy objectives. However, the special context of harmonisation, where rules will be interpreted by courts of different legal systems, entail that norms should ideally present additional characteristics, which are perhaps less important in a national context. [...] In general, an international norm should be clear, simple to apply and not add to the complexity of the patent system. It should be coherent, provide legal certainty, yield predictable outcomes and not encourage litigation. A rule meeting all these requirements is the most likely to lead to consistent results in multiple jurisdictions, which is the ultimate objective of the current SPLH exercise. [...] Beyond that, in its

substance, the rule should be fair, balanced and non-discriminatory. It should support the patent system's

⁸² Interface Study (footnote 36), pp. 6-7.

objectives of promoting innovation and competition, as well as patent quality.", pp. 5-6.

84 "[A] globally harmonized approach endorsed by all will be necessary. Furthermore, any solution should be sufficiently clearly defined to guarantee a uniform implementation in the different regions." IT3 Paper (footnote 18), p. 5.

⁸⁵ GPWS Draft Report (footnote 68), p. 20.

⁸⁶ Article 12 of the Basic Proposal of 1990 (see footnote 49), Article 10 of the Draft Substantive Patent Law Treaty of 2001 (see footnote 33).

E. Levels of harmonisation

47. Most of the multilateral IP treaties provide for at least two levels of regulation. While for instance the Paris Convention and the TRIPS Agreement have no implementing regulations and constitute a single-level international legal instrument, under other IP-related treaties Regulations have been adopted. Additionally, in the case of a few multilateral IP treaties a third level is also established (e.g. in the form of Administrative Instructions or Practice Guidelines) for regulating technical and procedural aspects as well as certain-substantive issues of minor importance. The major advantage of a two- or even three-layer regulation is that it can ensure a quicker and easier adaptation of the regulatory framework as Regulations are normally adopted and amended by a governing body established under the treaty without having to revise or amend the treaty itself and without the need to have these rule-changes ratified (see paragraph 73). (This is true for instruments of the third layer even more, as they are usually adopted and amended by the head of the executive organ of the international organisation.) However, as pointed out in paragraphs 24 and 30, such a two- or three-layer regulatory system presupposes the existence of an international organisation being in charge of the administration of the treaty, including the operation of the governing bodies.

48. An overview of the international legal landscape certainly confirms the findings of the preceding paragraph.

Under Article 58 PCT, the Regulations are annexed to the Treaty and they provide Rules: "(i) concerning matters in respect of which this Treaty expressly refers to the Regulations or expressly provides that they are or shall be prescribed, (ii) concerning any administrative requirements, matters, or procedures, (iii) concerning any details useful in the implementation of the provisions of this Treaty." It is the PCT Assembly that may amend the Regulations as a general rule by a majority of three-fourths of the votes cast, while some Rules may be amended "(i) only by unanimous consent, or (ii) only if none of the Contracting States whose national Office acts as an International Searching or Preliminary Examining Authority dissents, and, where such Authority is an intergovernmental organization, if the Contracting State member of that organization authorized for that purpose by the other member States within the competent body of such organization does not dissent." Should there be a conflict between the provisions of the Treaty and those of the Regulations, it is of course the provisions of the Treaty that would prevail. Last but not least, the Regulations provide for the establishment, under the control of the Assembly, of Administrative Instructions by the Director General. 88

Under Article 14 PLT, there are also Regulations annexed to the Treaty, and they provide rules concerning: "(i) matters which this Treaty expressly provides are to be 'prescribed in the Regulations'; (ii) details useful in the implementation of the provisions of this Treaty; (iii) administrative requirements, matters or procedures. [...] The Regulations also provide rules concerning the formal requirements which a Contracting Party shall be permitted to apply in respect of requests for: (i) recordation of change in name or address; (ii) recordation of change in applicant or owner; (iii) recordation of a license or a security interest; (iv) correction of a mistake. [...] The Regulations also provide for the establishment of Model International Forms, and for the establishment of a request Form [...] by the Assembly, with the assistance of the International Bureau. As a general rule, any amendment of the

⁸⁷ See also Rule 88 PCT.

⁸⁸ See also Rule 89 PCT.

Regulations requires three-fourths of the votes cast in the PLT Assembly, ⁸⁹ although certain Rules may be amended only by unanimity. ⁹⁰ In the case of conflict between the provisions of the PLT and those of the Regulations, "the former shall prevail".

The Basic Proposal of 1990 also envisaged the establishment of Regulations along basically the same lines as the PCT and the PLT. ⁹¹ The same goes for the Regulations that would have been established under the Draft SPLT of 2001. ⁹² Additionally, that draft treaty would have provided for the establishment of so-called "Practice Guidelines". They would have been annexed to the Treaty and the Regulations providing guidelines concerning "(i) matters which this Treaty or the Regulations expressly provides are to be 'prescribed in the Practice Guidelines'; (ii) details useful in the implementation of the provisions of this Treaty and the Regulations." ⁹³

Preliminary recommendation E:

49. In view of the foregoing, it is recommended that a future treaty on substantive patent law harmonisation should provide for the establishment of Regulations to be adopted and amended by the main governing body (e.g. assembly). The majorities required for amending various provisions of the Regulations would have to be defined at a later stage. The Regulations would provide rules concerning matters the regulation of which is expressly delegated by the Treaty to that lower level as well as certain details of implementing Treaty provisions. It goes without saying that the provisions of the Treaty would prevail in the case of a conflict between them and the Regulations. Moreover, consideration could perhaps also be given to the possibility of establishing Practice Guidelines, too, if it were to be found that this third layer of regulation could be useful for addressing technical details or practical aspects of harmonisation.

F. Membership and coverage of a possible treaty on substantive patent law harmonisation

50. As to the potential members of a future treaty on substantive patent law harmonisation, there seems to be no compelling reason to allow membership only for the current members of Group B+. For tactical reasons, however, it might probably make sense to convene a diplomatic conference for the conclusion of the treaty with only Group B+ members participating in it. Once the treaty is signed, it may be open for accession to those outside Group B+ as well. Alternatively, efforts could also be made to involve all relevant markets (even those outside Group B+) already at the stage of convening the diplomatic conference and concluding the treaty. As pointed out in paragraph 32, should the treaty be intended to extend beyond Group B+, it might become necessary to lay down a minimum threshold for joining the treaty. Compliance with (or perhaps membership in) the Paris Convention and, possibly, the TRIPS Agreement may be required as eligibility criteria for becoming party to the treaty. In addition, as already pointed out in paragraph 35, while the PLT and any future SPLT would certainly complement each other, this does not mean that membership in, or

⁸⁹ See also Article 17 PLT.

⁹⁰ See also Rule 21 PLT.

⁹¹ See Article 29 of the Basic Proposal of 1990 (see footnote 49).

⁹² See Article 23 of the Draft Substantive Patent Law Treaty of 2001 (see footnote 33).

⁹³ See Article 24 of the Draft Substantive Patent Law Treaty of 2001 (see footnote 33).

compliance with, the PLT should necessarily be a prerequisite for becoming party to such a treaty.

- 51. In addition, membership eligibility criteria specific to competent intergovernmental organisations would have to be laid down along the lines of a number of models that can be found in quite a few WIPO-administered treaties. 94 In this respect, it is Article 20 PLT that seems the most relevant example as it specifically governs the special cases of both the EU (especially with the imminent start of operation of the UPP regime) and the European Patent Organisation (as well as some other IGOs acting as regional patent organisations). 95 The membership of intergovernmental organisations would of course entail the need to lay down special voting arrangements applicable to them and their member states. Here again, a number of WIPO-administered treaties may provide good examples or models to follow. 96
- 52. As to the number of deposited instruments of ratification or accession required for the entry into force of a new treaty, WIPO-administered treaties seem to set a relatively low threshold (four to ten such instruments either by states only or by states and competent IGOs). 97 However, the OP Paper makes it clear that all the efforts in Group B+ should have truly global harmonisation as their main goal. Thus, it seems that for the entry into force of a future treaty on substantive patent law harmonisation the deposit of a relatively high number of instruments of ratification or accession should be required, even if this could run the risk of slightly delaying the entry into force of that long-awaited treaty.
- 53. Furthermore, the treaty should also include provisions guaranteeing that it does not enter into force without certain major jurisdictions having ratified it. Although it may be considered too early to identify the specific jurisdictions, it should be recalled that users have consistently expressed the view that harmonisation should at least be achieved in the area covered by IP5, which would require at a minimum ratification by the United States of America, Japan, the European Patent Organisation, and/or the EU and its Member States, the Republic of Korea and China (although the latter is not a member of Group B+). The relevant criteria could be linked to the number of patent applications filed, and/or patents granted in, or for, the

⁹⁴ See e.g. Article 27(1)(ii) of the Geneva Act of the Hague Agreement, Article 26(1) STLT, Article 28(1)(iii) of the Geneva Act of the Lisbon Agreement.

⁹⁵ Articles 20(2) and (3) PLT read as follows: "(2) [*Intergovernmental Organizations*] Any intergovernmental organization may become party to this Treaty if at least one member State of that intergovernmental organization is party to the Paris Convention or a member of the Organization, and the intergovernmental organization declares that it has been duly authorized, in accordance with its internal procedures, to become party to this Treaty, and declares that:

⁽i) it is competent to grant patents with effect for its member States; or

⁽ii) it is competent in respect of, and has its own legislation binding on all its member States concerning, matters covered by this Treaty, and it has, or has charged, a regional Office for the purpose of granting patents with effect in its territory in accordance with that legislation.

Subject to paragraph (3), any such declaration shall be made at the time of the deposit of the instrument of ratification or accession.

^{(3) [}Regional Patent Organizations] The European Patent Organization, the Eurasian Patent Organization and the African Regional Industrial Property Organization, having made the declaration referred to in paragraph (2)(i) or (ii) in the Diplomatic Conference that has adopted this Treaty, may become party to this Treaty as an intergovernmental organization, if it declares, at the time of the deposit of the instrument of ratification or accession that it has been duly authorized, in accordance with its internal procedures, to become party to this Treaty."

⁹⁶ For instance, Article 17(4)(b)(ii) PLT, Article 23(4)(b)(ii) STLT, Article 21(4)(b)(ii) of the Geneva Act of the Hague Agreement, Article 22(4)(b)(ii) of the Geneva Act of the Lisbon Agreement.

⁹⁷ Cf. Article 21(1) PLT, Article 28(2) STLT, Article 14(4)(a) of the Madrid Protocol, Article 29(2) of the Geneva Act of the Lisbon Agreement.

jurisdictions concerned. 98 Article 28(2) of the Geneva Act of the Hague Agreement has defined similar thresholds for the entry into force of that Act. 99 In addition, Article 89(1) of the Agreement on a Unified Patent Court (UPC Agreement) provides another example for a ratification threshold of this kind. 100 The UN Handbook on Final Clauses of Multilateral Treaties contains further examples in this regard – but of course outside the IP area. 101

Preliminary recommendation F:

54. It is recommended that the considerations and suggestions contained in paragraphs 50 to 53 be duly taken into account when drafting the relevant final clauses of a future treaty on substantive patent law harmonisation.

G. Dispute settlement

55. When it comes to a binding international treaty, the question of resolving potential conflicts among the contracting states inevitably arises. Much has been written about

Entry into force

1. This Protocol shall enter into force on 1 January 1989, provided that at least eleven instruments of ratification, acceptance, approval of the Protocol or accession thereto have been deposited by States or regional economic integration organizations representing at least two thirds of 1986 estimated global consumption of the controlled substances, and the provisions of paragraph 1 of Article 17 of the Convention have been fulfilled. In the event that these conditions have not been fulfilled by this date, the Protocol shall enter into force on the ninetieth day following the date on which the conditions have been fulfilled. [...]

In the case of the *Food Aid Convention*, 1999, entry into force would occur once a specified threshold of aid commitments was reached. Article XXIV (a) reads:

This Convention shall enter into force on 1 July 1999 if by 30 June 1999 the Governments, whose combined commitments, as listed in paragraph (e) of Article III, equal at least 75% of the total commitments of all governments listed in that paragraph, have deposited instruments of ratification, acceptance, approval or accession, or declarations of provisional application, and provided that the Grains Trade Convention, 1995 is in force.

The conditions for the entry into force may be even more complex. Thus, Article 58 (1) and (3) of the *International Cocoa Agreement*, 2001, provides:

Entry into force

1. This Agreement shall enter into force definitely on 1 October 2003, or any time thereafter, if by such date Governments representing at least five exporting countries accounting for at least 80 per cent of the total exports of countries listed in annex A and Governments representing importing countries having at least 60 per cent of total imports as set out in annex B have deposited their instruments of ratification, acceptance, approval or accession with the depositary. [...]"; Handbook (footnote 67), pp. 63-65.

⁹⁸ The exact numbers should be defined at a later stage.

⁹⁹ Article 28(2) of the Geneva Act of the Hague Agreement provides as follows: "This Act shall enter into force three months after six States have deposited their instruments of ratification or accession, provided that, according to the most recent annual statistics collected by the International Bureau, at least three of those States fulfill at least one of the following conditions: (i) at least 3,000 applications for the protection of industrial designs have been filed in or for the State concerned, or (ii) at least 1,000 applications for the protection of industrial designs have been filed in or for the State concerned by residents of States other than that State."

¹⁰⁰ Under Article 89(1) of the UPC Agreement, "[t]his Agreement shall enter into force on 1 January 2014 or on the first day of the fourth month after the deposit of the thirteenth instrument of ratification or accession in accordance with Article 84, including the three Member States in which the highest number of European patents had effect in the year preceding the year in which the signature of the Agreement takes place or on the first day of the fourth month after the date of entry into force of the amendments to Regulation (EU) No 1215/2012 concerning its relationship with this Agreement, whichever is the latest."; https://www.unified-patent-court.org/sites/default/files/upc-agreement.pdf

¹⁰¹ "Usually, where a treaty specifies a date for its entry into force, it also provides for certain other conditions to be fulfilled. For example, the *Montreal Protocol on Substances that Deplete the Ozone Layer, 1987*, Article 16 states:

international dispute settlement, and it is not the task of this report to even partially reproduce this vast body of legal literature. The most prominent general features of the area, however, may be summarized as follows:

- Parties to a dispute are under a duty to settle it in a peaceful way.¹⁰²
- Parties are free to determine the ways in which they wish to resolve their conflicts arising from their international commitments.¹⁰³ This can take the form of a precise treaty obligation (with either detailed dispute settlement provisions or just elementary rules) or an *ad hoc* conflict resolution method the parties agree on after the dispute has arisen. There is no provision in international law that makes it mandatory to include express dispute settlement provisions in international treaties, yet the Manila Declaration on the Peaceful Settlement of Disputes suggests that states, as appropriate, put effective provisions in their bilateral and multilateral agreements "for the peaceful settlement of disputes arising from the interpretation and application [of such agreements]".¹⁰⁴
- International dispute settlement mechanisms are traditionally divided into two groups: diplomatic ways and arbitral/judicial means. The first leaves control of the outcome in the hands of the parties and no third party can impose a binding decision on them (even if they involve third parties such as a mediator), while the second presupposes that the parties accept a third party's decision as binding upon them. In many cases, the two ways are not mutually exclusive, but rather subsequent: it is common to first have recourse to diplomatic means and only the failure to reach an agreement in that phase opens up the possibility to turn to an arbitrator or designated judicial entity for a binding decision.
- The International Court of Justice (ICJ), as a court of general (i.e. not specialized) international law jurisdiction, established by the United Nations to settle disputes submitted to it by states, is available to parties even where they do not expressly refer their disputes to that Court in an international agreement.

56. Parties usually resort to diplomatic means of dispute resolution (starting from non-formal, mostly confidential ways proceeding towards more formalized procedures, with or without the involvement of third parties) before they make use of arbitration or judicial settlement. In many cases, such a gradual approach is even prescribed in the international treaty concerned.

There is no exhaustive list of diplomatic ways to resolve conflicts arising from an international treaty. Informal consultations and other bilateral negotiations are conducted in a way that best suits the nature of the dispute and the preferences of the parties involved.

¹⁰² Charter of the United Nations, Article 2(3): "All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered." Article 33(1): "The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall, first of all, seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice."

¹⁰³ Charter of the United Nations, Article 33(1): "The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall, first of all, seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice."

¹⁰⁴ Manila Declaration on the Peaceful Settlement of Disputes (A/RES/37/10, 15 November 1982), Part I, paragraph 9: "States should consider concluding agreements for the peaceful settlement of disputes among them. They should also include in bilateral agreements and multilateral conventions to be concluded, as appropriate, effective provisions for the peaceful settlement of disputes arising from the interpretation or application thereof."

The governing bodies of the international entity created by the treaty (or a body created by a previous, more general treaty regulating the bilateral relations of the two parties, such as a mixed committee) may be suitable *fora* for such consultations, but parties are free to keep their initial contacts confidential or to use regular diplomatic channels without the involvement of the governing bodies.

Article 33(1) of the UN Charter mentions "negotiation, enquiry, mediation and conciliation" (before arbitration, judicial settlement and resort to regional agencies or arrangements) as the initial instruments to seek a solution. The Manila Declaration reproduces this list when encouraging states to seek an early and equitable settlement of their conflicts, completing it with the mention of good offices.¹⁰⁵

Good offices, mediation and conciliation are means of dispute settlement involving a third party to different degrees. They share the feature that the third party, the participation of which is always agreed upon by the parties, does not make a decision instead of the parties, only facilitates a dialogue conducive to a peaceful solution. Good offices means a technique where a friendly intermediary endeavours to convince parties to engage in negotiations without offering suggestions for the outcome, while mediation implies a more active involvement of the third party in the settlement process, the mediator potentially proposing possible solutions to the parties. Conciliation is the most formal method of non-binding dispute settlement with third party involvement: in this case, a body of inquiry is established to investigate the case and report on the facts of the case. The outcome is a report with possible recommendations – but the parties are free to decide whether they wish to give it any effect or not.

57. Where parties decide to refer their dispute to a third party to obtain a binding decision, they either make use of arbitration services or submit their dispute to an international court. The most obvious choice for the latter – encouraged by the Manila Declaration ¹⁰⁶ and previously routinely used in IP-related treaties as well – is the ICJ, the principal judicial organ of the UN, established by Chapter XIV of the UN Charter in 1945. Article 95 of that Charter, however, makes it clear that parties are free to entrust the solution of their differences to other tribunals in any agreement. ¹⁰⁷

⁻

¹⁰⁵ Manila Declaration on the Peaceful Settlement of Disputes, Part I, paragraph 5: "States shall seek in good faith and in a spirit of co-operation an early and equitable settlement of their international disputes by any of the following means: negotiation, inquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional arrangements or agencies or other peaceful means of their own choice, including good offices. In seeking such a settlement, the parties shall agree on such peaceful means as may be appropriate to the circumstances and the nature of their dispute."

¹⁰⁶ Manila Declaration on the Peaceful Settlement of Disputes, Part II, paragraph 5: "[...] States should bear in mind:

⁽a) That legal disputes should as a general rule be referred by the parties to the International Court of Justice, in accordance with the provisions of the Statute of the Court;

⁽b) That it is desirable that they: (i) Consider the possibility of inserting in treaties, whenever appropriate, clauses providing for the submission to the International Court of Justice of disputes which may arise from the interpretation or application of such treaties; (ii) Study the possibility of choosing, in the free exercise of their sovereignty, to recognize as compulsory the jurisdiction of the International Court of Justice in accordance with Article 36 of its Statute; (iii) Review the possibility of identifying cases in which use may be made of the International Court of Justice."

¹⁰⁷ Charter of the United Nations, Article 95: "Nothing in the present Charter shall prevent Members of the United Nations from entrusting the solution of their differences to other tribunals by virtue of agreements already in existence or which may be concluded in the future."

58. The important role of the ICJ in resolving international conflicts warrants taking a glance at the rules on its jurisdiction. The following excerpts are from the website of the ICJ:

"The International Court of Justice acts as a world court. The Court has a dual jurisdiction: it decides, in accordance with international law, disputes of a legal nature that are submitted to it by States (jurisdiction in contentious cases); and it gives advisory opinions on legal questions at the request of the organs of the United Nations or specialized agencies authorized to make such a request (advisory jurisdiction)." 108

In general, "[t]he jurisdiction of the Court in contentious proceedings is based on the consent of the States to which it is open. [...]

(a) Special agreement

Article 36, paragraph 1, of the Statute provides that the jurisdiction of the Court comprises all cases which the parties refer to it. Such cases normally come before the Court by notification to the Registry of an agreement known as a special agreement and concluded by the parties specially for this purpose. [...]

(b) Cases provided for in treaties and conventions

Article 36, paragraph 1, of the Statute provides also that the jurisdiction of the Court comprises all matters specially provided for in treaties and conventions in force. [...]

(c) Compulsory jurisdiction in legal disputes

The Statute provides that a State may recognize as compulsory, in relation to any other State accepting the same obligation, the jurisdiction of the Court in legal disputes. [...]

(d) Forum prorogatum

If a State has not recognized the jurisdiction of the Court at the time when an application instituting proceedings is filed against it, that State has the possibility of accepting such jurisdiction subsequently to enable the Court to entertain the case: the Court thus has jurisdiction as of the date of acceptance in virtue of the rule of forum prorogatum. [...]"¹⁰⁹

Enforcement of the ICJ's decisions is guaranteed by the Security Council of the UN. As Article 94(2) of the UN Charter says: "If any party to a case fails to perform the obligations incumbent upon it under a judgment rendered by the Court, the other party may have recourse to the Security Council, which may, if it deems necessary, make recommendations or decide upon measures to be taken to give effect to the judgment."

59. The common practice of submitting international disputes to the ICJ in the jurisdictional clauses of treaties or in special agreements ¹¹⁰ – sometimes in combination with a preliminary procedure of "softer" dispute settlement means – had been regularly applied in intellectual

¹⁰⁸ ICJ website, available at: http://www.icj-cij.org/jurisdiction/index.php?p1=5

¹⁰⁹ ICJ website, available at: http://www.icj-cij.org/jurisdiction/index.php?p1=5&p2=1&p3=2

^{110 &}quot;Some treaties or conventions in force confer jurisdiction on the Court. It has become a general international practice to include [into] international agreements - both bilateral and multilateral - provisions, known as jurisdictional clauses, providing that disputes of a given class shall or may be submitted to one or more methods for the pacific settlement of disputes. Numerous clauses of this kind provide for recourse to conciliation, mediation or arbitration too; others provide for recourse to the Court, either immediately or after the failure of other means of pacific settlement. Accordingly, the States signatory to such agreements may, if a dispute of the kind envisaged in the jurisdictional clause of the treaty arises between them, either institute proceedings against the other party or parties by filing a unilateral application, or conclude a special agreement with such party or parties providing for the issues to be referred to the Court. The wording of such jurisdictional clauses varies from one treaty to another." ICJ website, available at: http://www.icj-

property related treaties, including the ones administered by WIPO (see, for instance, Article 28 of the Paris Convention¹¹¹ or Article 59 PCT¹¹²). More recent WIPO-administered treaties (such as the PLT), however, do not include any provisions relating to dispute settlement.

- 60. According to the list available on the ICJ website, 72 states have deposited a declaration to the effect of recognizing the ICJ's jurisdiction as compulsory under Article 36(2) of the ICJ's Statute. Not all Group B+ members belong, however, to this category. Thus, the ICJ's jurisdiction in matters relating to the envisaged treaty is not self-evident and therefore, if it is desired by the parties, has to be spelled out by referring the contentious cases to the ICJ under Article 36(1) of its Statute.
- 61. As discussed above, the different means of dispute settlement may be combined and an international treaty may even prescribe in what order the different steps for conflict resolution should be taken. Thus there are treaties that establish a dispute resolution system with a preestablished sequence of events, institutionalizing a gradual approach where only the failure of the more informal and flexible attempts at a settlement may lead to entering the next phase.
- 62. The most well-known of such a dispute resolution system in the area of intellectual property is the procedure of the WTO's Dispute Settlement Body (DSB) under the Dispute Settlement Understanding (DSU) which is the main WTO agreement on settling disputes, concluded as a result of the Uruguay Round negotiations. This procedure is a potent and effective, integrated out-of-court mechanism that applies to international disputes under the TRIPS Agreement as well.

The following excerpt from the recap of the Uruguay Round results, available on the WTO's website, summarizes the WTO dispute settlement mechanism and the potential sanctions for non-implementation:

"The DSU emphasizes the importance of consultations in securing dispute resolution, requiring a Member to enter into consultations within 30 days of a request for consultations from another Member. If after 60 days from the request for consultations there is no settlement, the complaining party may request the establishment of a panel. Where consultations are denied, the complaining party may move directly to request a panel. The

31

¹¹¹ Paris Convention, Article 28 "Disputes: (1) Any dispute between two or more countries of the Union concerning the interpretation or application of this Convention, not settled by negotiation, may, by any one of the countries concerned, be brought before the International Court of Justice by application in conformity with the Statute of the Court, unless the countries concerned agree on some other method of settlement. The country bringing the dispute before the Court shall inform the International Bureau; the International Bureau shall bring the matter to the attention of the other countries of the Union. (2) Each country may, at the time it signs this Act or deposits its instrument of ratification or accession, declare that it does not consider itself bound by the provisions of paragraph (1). With regard to any dispute between such country and any other country of the Union, the provisions of paragraph (1) shall not apply. (3) Any country having made a declaration in accordance with the provisions of paragraph (2) may, at any time, withdraw its declaration by notification addressed to the Director General."

¹¹² Article 59 PCT: "Subject to Article 64(5), any dispute between two or more Contracting States concerning the interpretation or application of this Treaty or the Regulations, not settled by negotiation, may, by any one of the States concerned, be brought before the International Court of Justice by application in conformity with the Statute of the Court, unless the States concerned agree on some other method of settlement. The Contracting State bringing the dispute before the Court shall inform the International Bureau; the International Bureau shall bring the matter to the attention of the other Contracting States."

¹¹³ ICJ website, available at: http://www.icj-cij.org/jurisdiction/index.php?p1=5&p2=1&p3=3

parties may voluntarily agree to follow alternative means of dispute settlement, including good offices, conciliation, mediation and arbitration. 114

Where a dispute is not settled through consultations, the DSU requires the establishment of a panel, at the latest, at the meeting of the DSB following that at which a request is made, unless the DSB decides by consensus against establishment. The DSU also sets out specific rules and deadlines for deciding the terms of reference and composition of panels. [...] [...] a panel will normally complete its work within six months or, in cases of urgency, within three months. Panel reports may be considered by the DSB for adoption 20 days after they are issued to Members. Within 60 days of their issuance, they will be adopted, unless the DSB decides by consensus not to adopt the report or one of the parties notifies the DSB of its intention to appeal.

[...] An appeal will be limited to issues of law covered in the panel report and legal interpretations developed by the panel. Appellate proceedings shall not exceed 60 days from the date a party formally notifies its decision to appeal. The resulting report shall be adopted by the DSB and unconditionally accepted by the parties within 30 days following its issuance to Members, unless the DSB decides by consensus against its adoption.

Once the panel report or the Appellate Body report is adopted, the party concerned will have to notify its intentions with respect to implementation of adopted recommendations. If it is impracticable to comply immediately, the party concerned shall be given a reasonable period of time, the latter to be decided either by agreement of the parties and approval by the DSB within 45 days of adoption of the report or through arbitration within 90 days of adoption. In any event, the DSB will keep the implementation under regular surveillance until the issue is resolved.

Further provisions set out rules for compensation or the suspension of concessions in the event of non-implementation. Within a specified time-frame, parties can enter into negotiations to agree on mutually acceptable compensation. Where this has not been agreed, a party to the dispute may request authorization of the DSB to suspend concessions or other obligations to the other party concerned. The DSB will grant such authorization within 30 days of the expiry of the agreed time-frame for implementation. Disagreements over the proposed level of suspension may be referred to arbitration. In principle, concessions should be suspended in the same sector as that in issue in the panel case. If this is not practicable or effective, the suspension can be made in a different sector of the same agreement. In turn, if this is not effective or practicable and if the circumstances are serious enough, the suspension of concessions may be made under another agreement.

One of the central provisions of the DSU reaffirms that Members shall not themselves make determinations of violations or suspend concessions, but shall make use of the dispute settlement rules and procedures of the DSU. [...]"¹¹⁵

63. Notwithstanding the above, it should be noted that the effective functioning of the DSU relies on the fact that the WTO Agreement is a trade agreement and thus the enforcement mechanism can make use of trade sanctions, by suspending concessions or other obligations to the other party covered by the Agreement. Bilateral trade agreements may have similar

¹¹⁴ The WTO Director-General is available at all stages of the dispute to offer his good offices or to mediate.

¹¹⁵ WTO website, available at: https://www.wto.org/english/docs_e/legal_e/ursum_wp.htm

dispute settlement mechanisms (e.g. the EU includes such provisions in all free trade agreements concluded after 2000) – but these are trade policy specific instruments that are hardly applicable in a treaty dealing with substantive patent law harmonization, as there are no concessions or obligations that could be meaningfully suspended bilaterally in case of non-implementation.

64. Another very relevant document when considering the possible dispute settlement mechanism of a treaty dealing with substantive patent law harmonization is the Basic Proposal of 1990. Although no international treaty was finally concluded based on this proposal, the negotiations surely did not get stalled because of the rather detailed and extensive dispute settlement provisions. These provisions envisaged a gradual and refined dispute resolution system with a much softer potential outcome than the WTO DSU discussed above. The prescribed steps range from mandatory consultations through optional mechanisms involving third parties (good offices, conciliation, mediation and arbitration) to a special expert panel procedure where the final report of the panel contains recommendations that may be submitted to the Assembly – which, in turn, may make its own recommendations based on its interpretation of the treaty and the panel report. 116

If it indeed seems desirable that the envisaged treaty on substantive patent law harmonisation contain dispute settlement provisions, the mechanism laid down in the Basic Proposal could be used as a basis for such provisions – naturally with ample room for adaptation or simplification.

65. As far as a potential dispute settlement mechanism of the envisaged treaty on substantive patent law harmonisation is concerned, one needs to identify the types of conflicts to be resolved by such a mechanism, i.e. what kind of disputes of an international law nature may arise in the context of the harmonisation exercise that may be settled among the contracting parties via a pre-defined procedure.

¹¹⁶ Basic Proposal of 1990 (see footnote 49), Article 30, Settlement of Disputes: "(1) [Consultations] (a) Where any dispute arises concerning the interpretation or implementation of this Treaty, a Contracting Party may bring the matter to the attention of another Contracting Party and request the latter to enter into consultations with it.

^{(2) [}Other Means of Settlement] If a mutually satisfactory solution is not reached within a reasonable period of time through the consultations referred to in paragraph (1), the parties to the dispute may agree to resort to other means designed to lead to an amicable settlement of their dispute, such as good offices, conciliation, mediation and arbitration.

^{(3) [}Panel] [...] (b) If the dispute is not satisfactorily settled through the consultations referred to in paragraph (1), or if the means referred to in paragraph (2) are not resorted to, or do not lead to an amicable settlement within a reasonable period of time, the Director General, at the written request of either of the parties to the dispute, shall appoint members of a panel to examine the matter. [...]

⁽e) Unless the parties to the dispute reach an agreement between themselves prior to the panel's concluding its proceedings, the panel shall promptly prepare the draft of a written report containing a statement of the facts of the case and containing recommendations for the resolution of the dispute and provide it to the parties to the dispute for their review. [...]

⁽f) The panel shall take into account the comments and shall promptly transmit its final report to the Assembly, which report shall be accompanied by the written comments, if any, of the parties to the dispute.

^{(4) [}Recommendation by the Assembly] The Assembly shall give the report of the panel prompt consideration. The Assembly shall make recommendations to the parties to the dispute, based upon its interpretation of this Treaty and the report of the panel. Any recommendation by the Assembly shall require consensus among the members of the Assembly other than the parties to the dispute."

Under the envisaged treaty, the potential contentious issues will concern questions of patentability (such as novelty in the context of the provisions on the grace period), for which offices will be responsible in the granting phase, and the exercise of third party rights, which, post-grant, will fall under the purview of courts.

It would not be wise to allow individual office decisions on a given patent application or judicial rulings on the validity of a patent or on the extent of a certain prior user's rights in an infringement case to be challenged by another contracting state based on the international treaty on patent law harmonisation. In specific cases, it should be up to the individual (the applicant, the patentee or the third party) concerned to make use of the channels available under the national law of the country concerned to challenge the decision. While exhausting the national remedies available, such a party may of course, as appropriate, rely on the state's constitutional obligation to comply with its international law commitments.¹¹⁷

Inter-state dispute settlement, on the other hand, would take place where

- there are divergent views on the correct interpretation of the treaty, or where
- one contracting party claims that another party is in breach of its international obligations stemming from the treaty. Such a breach of the treaty may consist of
 - o national law not being in compliance with the treaty, i.e. the treaty is not implemented properly into the law of the country concerned (i.e. an agreed norm is not introduced into the patent system while there is such a treaty obligation in place), or
 - o an administrative or judicial practice that flies in the face of the treaty provisions while appropriate implementing rules are in place, i.e. where the country is formally in compliance with the treaty but does not apply the adopted provisions properly.

In such cases, other contracting parties should, depending on the approach chosen in the treaty, have recourse to

- the diplomatic ways of resolving the conflict (which might or might not be formalized in the treaty by establishing a mandatory consultation procedure),
- the International Court of Justice (where its jurisdiction would be established, either
 by way of a special agreement referring the dispute to the Court or by both parties
 having declared that they recognize its jurisdiction as compulsory), or
- the specific dispute settlement mechanism envisaged in the treaty (that might or might not make use of the services of the International Court of Justice).

66. For the purposes of substantive patent law harmonisation, it does not seem necessary and adequate to set up a highly formalized dispute settlement mechanism with an institutional framework and a system of retaliation-type sanctions, similar to the WTO DSB procedure. The treaty will be a highly specialized international law instrument on legal harmonisation issues, as opposed to a trade agreement that contains very diverse provisions and requires substantial concessions from each party.

34

¹¹⁷ This scenario may also raise the issue of the individual claiming damages from the state that failed to comply with its international obligations and thereby causing harm to that person. Such claims, however, are not in the purview of the dispute settlement mechanisms envisaged in a treaty dealing with substantive patent law harmonisation.

Parties to the substantive patent law harmonisation exercise should be able to resolve their conflicts in the most amicable and least formalized manner, without entrusting a third party or creating a designated body to adjudicate the case, or the need for cross-retaliation options in cases of non-compliance with the decision.

Preliminary recommendation G:

- 67. Based on the above, the following two alternatives are submitted for consideration by the sub-group:
- A) The envisaged treaty on substantive patent law harmonisation should have no separate dispute settlement provisions but rely on consultations within the governing bodies and diplomatic avenues to resolve potential conflicts.
- B) The envisaged treaty on substantive patent law harmonisation should set up a formalized consultation mechanism to resolve potential conflicts, prescribing that this mechanism needs to be used first, before recourse to arbitration or judicial dispute resolution.¹¹⁸

It should be noted, however, that both alternatives contain the implicit possibility to seize the International Court of Justice where the necessary conditions to establish its jurisdiction are met. This means that nothing prevents the parties to the dispute from

- concluding a special agreement referring their case to the Court,
- initiating proceedings at the Court where both parties have made declarations recognizing the compulsory jurisdiction of the Court, or
- initiating proceedings at the Court, subject to the other party's subsequent acceptance of its jurisdiction (*forum prorogatum*).

H. Amendment and review

- 68. Amendment of the treaty subsequent to its conclusion raises certain specific issues that should be addressed in the text of the treaty itself. These issues concern
 - procedural rules for the amendment of certain provisions of the treaty without the need of a diplomatic conference and ratification;
 - amendments of the Regulations to the treaty (and, where applicable, the third layer of regulation such as Administrative Instructions or Practice Guidelines);
 - regular mandatory review of the treaty and its Regulations (*rendez-vous* clause).
- 69. This chapter of the Report collects the main options in this regard, yet it is too early to make actual suggestions on the use of one or more of these as they heavily depend on the outcome of the negotiations in the other workstreams.
- 70. The general rules of amending an international treaty are enshrined in Part IV of the Vienna Convention on the law of treaties. Article 39 makes it clear that the parties have to agree on the amendment and unless the treaty lays down specific provisions on the amendment of its provisions, the same rules apply to the amendment procedure as to the

¹¹⁸ If this option proves to be preferred, inspiration may be taken from the dispute settlement provisions of the Basic Proposal of 1990, see above.

conclusion of the treaty. ¹¹⁹ This means that without any provision introducing a "simplified" amendment procedure, all the procedural steps required for the conclusion of the treaty must be followed (which in international practice usually means the convocation of a diplomatic conference, formal signature of the amending instrument and subsequent ratification or other ways to express consent to be bound by the amending treaty, such as acceptance, approval or accession).

71. Article 40 of the Vienna Convention ¹²⁰ sets forth rules specifically addressing the amendment of multilateral treaties. These rules ensure, *inter alia*, that – unless the treaty concerned provides otherwise – all parties to the treaty should be duly involved in the amendment process and the amendments are only binding those parties that become parties to the amending agreement.

A special way to amend a treaty is the adoption of a protocol. A protocol to a treaty may amend one or more provisions of that treaty or introduce supplementary provisions to the treaty. Article 40(5) of the Vienna Convention applies to treaties amended or supplemented by protocols as well: new parties to the amended treaties are, subject to the expression of their different intention, considered parties to the treaty as amended, save in relation to those parties that are only parties to the unamended treaty. These rules, however, may always be superseded by the treaties concerned (see, e.g., the relationship between the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement).

72. Notwithstanding the general rules, it is regular practice that a treaty envisages a special mechanism (a "simplified" procedure) with regard to the amendment of

- certain designated parts or provisions of the treaty (or the protocol to the treaty);
- certain types of provisions of the treaty (such as time limits); or
- any provision of the treaty for a special purpose (e.g. to bring the treaty in line with another international treaty in the same field) or if certain specific conditions are met.

The procedure for such "fast-track" amendments generally requires a decision of the governing body authorized by the treaty to adopt the specified amendments. Where the treaty

¹¹⁹ Article 39 of the Vienna Convention, General rule regarding the amendment of treaties: "A treaty may be amended by agreement between the parties. The rules laid down in Part II apply to such an agreement except in so far as the treaty may otherwise provide."

¹²⁰ Article 40 of the Vienna Convention, Amendment of multilateral treaties: "1. Unless the treaty otherwise provides, the amendment of multilateral treaties shall be governed by the following paragraphs.

^{2.} Any proposal to amend a multilateral treaty as between all the parties must be notified to all the contracting States, each one of which shall have the right to take part in: (a) the decision as to the action to be taken in regard to such proposal; (b) the negotiation and conclusion of any agreement for the amendment of the treaty.

^{3.} Every State entitled to become a party to the treaty shall also be entitled to become a party to the treaty as amended.

^{4.} The amending agreement does not bind any State already a party to the treaty which does not become a party to the amending agreement; article 30, paragraph 4(b), applies in relation to such State.

^{5.} Any State which becomes a party to the treaty after the entry into force of the amending agreement shall, failing an expression of a different intention by that State: (a) be considered as a party to the treaty as amended; and (b) be considered as a party to the unamended treaty in relation to any party to the treaty not bound by the amending agreement."

introduces such a procedure, it also has to provide for the required majority for the adoption of the amendments – with potentially different majorities (and different procedural rules) for the amendment of different designated provisions.

Amendments of the treaty are hardly ever adopted by a simple majority: they usually require a qualified majority (e.g. two thirds or three quarters of the votes) in the governing body, and some provisions may only be amended unanimously. When establishing the rules relating to such decisions, the treaty should also specify

- who has the right of initiative, i.e. whether only a certain person (e.g. the Chair of the governing body) or a certain number of parties may make a proposal to amend the treaty and whether there are certain conditions to meet before making such a proposal (e.g. an opinion suggesting an amendment from a specified body);
- what is the quorum to make a decision on the proposed amendment(s);
- where a certain majority is required, what weight is given to the votes of individual parties (one vote per party, a weighting mechanism based on certain specified relevant criteria or a combination of the two systems with a potential request for weighting after a first ballot of equal votes, the latter procedure potentially applied only in certain selected – e.g. financial – matters);¹²¹
- whether the required majority refers to a certain majority of the members present or of all members;
- how abstentions are treated (i.e. whether they are considered votes or not);¹²²
- whether there is a possibility for any party to opt out from the amendment; and
- whether any subsequent action may prevent the adopted amendment from taking effect (and whether such action entails the convocation of a diplomatic conference). 123

73. It is common practice that the Regulations to a treaty are to be amended by the governing body of the international organization administering the treaty. Parties are free to specify certain selected rules in the Regulations the amendment of which requires a special procedure or a special (qualified) majority (or unanimity). The remaining procedural issues to consider are essentially the same as listed above, relating to the amendment of treaty provisions by the governing body (see also paragraphs 47 to 49). In addition, as pointed out in paragraph 43, in the PCT system there is a special mechanism for safeguarding national laws in cases where certain Rules, as a result of their amendment, may have become incompatible with the law of a contracting state; and this safeguard effect is also extended to the application of the PLT and its Regulations.

Administrative Instructions (or Practice Guidelines), where applicable, may generally be amended by the body or person that is authorized to adopt or issue them – sometimes under the control of the governing body, sometimes the only (not necessarily formal or enforceable) requirement being proper consultation with the governing body and the stakeholders concerned.

74. Certain international agreements provide for a mandatory review procedure of the treaty, i.e. a "rendez-vous clause" which specifies that after a certain time or when a certain event

¹²¹ See e.g. Articles 34(2) and 36 of the European Patent Convention (EPC).

¹²² See e.g. Article 35(4) EPC.

¹²³ See e.g. Article 87(3) of the UPC Agreement.

occurs, a pre-defined reflection procedure on the functioning of the treaty's provisions is called for. ¹²⁴

The reflection procedure may include a broad consultation with stakeholders and a request for an opinion from a designated body, to seek input on the functioning of the treaty and on the need of an adaptation of certain provisions thereof. Based on the outcome of the consultation and the conclusions of the opinion (if they are required), the governing body has to consider the amendment of the treaty or its Regulations.

The scope of the mandatory review may be limited, i.e. the exercise may concern only certain provisions of the treaty. As the review is subject to the decision of the governing body, it may or may not result in the actual amendment of the treaty or its Regulations. In this context, the mandatory revision may be combined with the provisions on the "simplified" amendment of the treaty, allowing the latter procedure to apply where the outcome of the reflection exercise warrants the changes the amendment would bring about.

If a treaty contains a *rendez-vous* clause, it needs to be made clear whether the mandatory review needs to happen at one particular point in time, or it is an exercise recurring at regular intervals after the first one.

75. The options discussed above are without prejudice, of course, to the possibility of amending the treaty at any time, where appropriate, in the regular procedure (e.g. at a diplomatic conference).

Preliminary recommendation H:

It is recommended that the considerations contained in paragraphs 70 to 75 be duly taken into account when drafting the relevant clauses on the amendment and review of a future treaty on substantive patent law harmonisation, i.e. all the necessary procedural aspects and potential authorizations should be clearly spelled out in the text of the treaty.

With reference to paragraph 49, it is recommended that a future treaty on substantive patent law harmonisation should provide for the establishment of Regulations to be adopted and amended by the main governing body. The majorities required for amending various provisions of the Regulations would have to be defined at a later stage. Moreover, consideration could also be given to the possibility of establishing Practice Guidelines, too, if it were to be found that this third layer of regulation could be useful for addressing technical details or practical aspects of harmonisation.

I. Transitional arrangements

76. The provisions on transitional arrangements can in general raise very delicate and intricate issues: the treatment of cases pending on the date of the entry into force of a treaty and other

¹²⁴ In the context of this section, "review" is used in the sense of a mandatory re-visiting of the treaty's text in the light of the functioning of the treaty during a pre-defined time frame. Some treaties, such as Article 87 of the UPC Agreement, use the term "revision" for the same type of process; yet this report opted for "review" as "revision" usually refers to a comprehensive overhaul of a treaty with consequential amendments.

questions relating to the "launch" of new provisions has to ensure legal certainty to the greatest extent possible as it may seriously affect the interests of certain entities.

77. Article 28 of the Vienna Convention deals with the non-retroactivity of treaties: it stipulates that the provisions of a treaty "do not bind a party in relation to any act or fact which took place or any situation which ceased to exist before the date of the entry into force of the treaty with respect to that party" – unless a different intention appears from the treaty or is otherwise established.

This means that the envisaged treaty on substantive patent law harmonisation may choose to override this general rule and make certain acts or facts be relevant in the context of the treaty's application, even if they occurred before the treaty's entry into force.

Taking into account the nature of the substantive patent law harmonisation process, one option for the transition in terms of the patent applications and patents affected seems rather straightforward: the provisions of the treaty should be applied to

- patent applications which are effectively filed (i.e. actually filed or, where applicable, having a priority date) on or after the date on which the treaty becomes binding on a contracting party (this is the "critical date" in the context of transitional arrangements for the original contracting parties, this date is the entry into force of the treaty), and
- patents granted based on such applications.

The other option would be to extend the treaty's application to patent applications pending on the date on which the treaty becomes binding on the contracting parties. In this case, a system similar to that created by Article 70 of the TRIPS Agreement could be envisaged, clearly defining the metes and bounds of the treaty's application. Even in such a scenario, the treaty does not give rise to obligations in respect of acts which occurred before the critical date, such as the grant of a patent or the rejection of an application, and in particular, there is no obligation to restore protection to subject-matter which had fallen into the public domain at the critical date. However, under such an option, the treaty does give rise to obligations in respect of subject-matter existing at the critical date, such as pending applications, even if filed prior to the critical date.

- 78. Certain items of substantive patent law harmonisation need to be specifically addressed in the context of transitional arrangements. Precise provisions on graced disclosures, acts of prior users and conflicting applications should be laid down, i.e. clear rules are called for to specify which of these disclosures, acts and applications have to be taken into consideration, as appropriate, during patent prosecution or in judicial proceedings. The two main alternatives in this regard are as follows:
- A) One way of tackling this issue is to make all the treaty provisions applicable to patent applications and patents to which the treaty is applicable pursuant to the transitional provision described above. In this case, the date of the disclosures, acts and conflicting applications is irrelevant and thus may even fall before the entry into force of the treaty as long as the provisions relied on are linked to patent applications or patents to which the treaty is applicable, the treaty may be applied retroactively to these elements.
- B) The other option is to limit the application of the provisions relating to these items to those that occur on or after the date on which the treaty becomes binding on the contracting party in which the proceedings are pending (i.e. the critical date).

79. As regards a possible transitional period (during which special rules apply after the entry into force, e.g. the application of certain provisions are optional), no specific need for such a provision may be detected at this stage.

Preliminary recommendation I:

It is recommended that the considerations contained in paragraphs 76 to 79 be duly taken into account when drafting the relevant clauses on the possible transitional arrangements of a future treaty on substantive patent law harmonisation, i.e. the treaty should clearly define the metes and bounds of the application of its different provisions.

Due consideration should be given to the treatment of patent applications pending on the critical date and to patents granted based on such applications, as well as to the disclosures, acts of prior users and conflicting applications arising before the critical date.

At the present stage, it is not suggested to envisage a transitional period regarding the application of certain provisions of the treaty.

J. Miscellaneous implementation aspects

80. As Group B+ has thus far been working in English, it would seem a logical suggestion that the future treaty on patent law harmonisation should only be drawn up in the English language, and that text should be the only authentic one. On the other hand, should that treaty be concluded under the aegis of an existing intergovernmental organisation, or should the administration of the treaty entrusted to such an organisation (see paragraphs 21 to 30), the official languages of that organisation should preferably be the languages of the treaty, each language versions being equally authentic. In addition, in the latter case, the governing body or another organ of the organisation may also be authorized to approve the texts of the treaty drawn up in official languages of contracting parties other than those of the organisation so that these texts could also be considered official ones. (Obviously, this issue will have to be dealt with at a later stage of the negotiations.)

81. The government of a contracting state (representing preferably a major jurisdiction as identified in paragraph 53) may be appointed to be the depository of a future treaty on substantive patent law harmonisation if that treaty or the administration thereof is not linked in any possible way to an international organisation. Otherwise, the chief executive/representative of that organisation may act as the depository of the treaty. The functions to be fulfilled by such the depository should be the customary ones. 126

Preliminary recommendation J:

82. It is recommended to follow the considerations contained in paragraphs 80 and 81 when drafting the relevant provisions of a possible treaty on substantive patent law harmonisation.

[End of document]

¹²⁵ Cf. Article 25 PLT, Article 31 STLT, Article 67 PCT, Article 177 EPC.

¹²⁶ Cf. Article 27 PLT, Article 32 STLT, Article 68 PCT, Article 178 EPC.