

**WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)
PCT Legal Division**

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FACSIMILE TRANSMISSION

DATE : June 2, 2000
TO : Ms. Karin TYSON
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Fax : (00-1) 703-872-9411
FROM : Isabelle Boutillon, Acting Director, PCT Legal Division
Telephone (direct) : (41-22) 338 95 50
PAGES : 5 (including this page)
SUBJECT : Patent term adjustment proposed rulemaking

MESSAGE :

Dear Ms. Tyson,

As indicated in my e-mail of earlier today, here is a copy of the Director General's comments on the above matter.

Sincerely yours,



WORLD INTELLECTUAL PROPERTY
ORGANIZATION

世界知识产权组织

ORGANIZACIÓN MUNDIAL
DE LA PROPIEDAD INTELECTUAL



1970

2000

ORGANISATION MONDIALE DE LA
PROPRIÉTÉ INTELLECTUELLE

المنظمة العالمية للملكية الفكرية

ВСЕМИРНАЯ ОРГАНИЗАЦИЯ
ИНТЕЛЛЕКТУАЛЬНОЙ СОБСТВЕННОСТИ

PCT-

June 2, 2000

Dear Under Secretary Dickinson,

And dear Todd
Thank you for your letter of June 1, 2000, concerning the Notice of Proposed Rulemaking (NPR) and for giving an opportunity to the World Intellectual Property Organization (WIPO) to make comments on proposed "Changes to Implement Patent Term Adjustment Under Twenty-Year Patent Term."

We are concerned that the proposed rules, 1.704(c)(7) and (8), may undermine the benefits provided to PCT users and not fully take into account the PCT procedure, for the reasons indicated in the attached Annex to this letter.

We propose a different approach in respect of PCT applicants so that any period of patent term adjustment given under the three-year guarantee of maximum pendency may be reduced by the number of days, if any, beginning on the date on which the national phase shall commence under 35 U.S.C. § 371(b) or (f) and ending on the date an applicant completes the requirements for entry into the national phase. This approach is consistent with the entitlements available to PCT applicants. Further it is consistent with the purposes of the international phase procedure under the PCT; it is also consistent with the legislative history of the Act. I believe this approach would benefit all PCT applicants designating the United States of America.

Mr. Q. Todd Dickinson
Under Secretary of Commerce
for Intellectual Property
Director
United States Patent and Trademark Office
Washington, D.C. 20231
United States of America

By fax: (00-1) 703 305 888 5 (pages)

2.

Mr. Q. Todd Dickinson, Under Secretary of Commerce for Intellectual Property,
Director, United States Patent and Trademark Office, Washington, D.C. —
June 2, 2000

I very much hope that you will find the above observations to be useful and relevant.

Sincerely yours,

With Warm Personal
regards,



Kamil Idris
Director General

cc: Mr. Robert Stoll
Mr. Steve Kunin
Ms. Lois Boland
Ms. Karen Tyson at patentterm.comments@uspto.gov

ANNEX to letter to Under Secretary Dickinson

Section 4402(b)(1)(B) of the Act amends 35 U.S.C. § 154(b)(1) to provide day-by-day patent term adjustment if the Patent and Trademark Office (PTO) fails to issue a patent within three years after "the actual filing date of the application in the United States" (35 U.S.C. § 154(b)(1)(B)). In applying this section of the Act, proposed rules 1.704(c)(7) and (8) would require that, for international applications filed under the PCT, the period of term adjustment provided under the three-year guarantee of maximum pendency "shall be reduced by the number of days, if any, beginning on the date the application was filed under 35 U.S.C. § 363" and ending on the date the application fulfilled the requirements of national phase entry.

Under the PCT, an applicant is entitled to enter the national phase of processing either 20 months, under Chapter I, or 30 months, under Chapter II, from the earliest priority date claimed in the international application. Since this period can be as long as 30 months under Chapter II, the proposed rules would severely undermine the ability of PCT applicants (both from the United States of America and from other PCT Contracting States) who designate the United States of America to obtain the patent term adjustment provided under Section 4402(b)(1)(B) of the Act. An applicant under the PCT would have to enter the national phase early in the United States of America and forego his or her entitlements under the Treaty in order to take advantage of any possible patent term adjustment under Section 4402(b)(1)(B). As a result, the proposed rules are at the very least contrary to the spirit and intent of the Treaty and would provide a clear disincentive to use the PCT system.

Under the proposed rules, the international phase of PCT proceedings would be counted as time in which the applicant "failed to engage in reasonable efforts to conclude prosecution" (35 U.S.C. § 154(b)(2)(C)(i) and proposed rule 1.704(c)). However, beginning with the international filing date, a series of events transpires which tremendously advances the processing of that application prior to the time that the PTO may begin to process that application. For example, formalities issues are resolved, a search is conducted of all relevant prior art as of the international filing date, the application is published, and, in most cases, the application undergoes an international preliminary examination which directly addresses the questions of novelty, inventive step (non-obviousness) and industrial applicability. Since most PCT applicants use the international phase of the PCT procedure to advance as much as possible their prosecution of the application and put it in order for grant in the national phase, it is factually incorrect to state in the proposed rules that the use of such a procedure constitutes a failure on the part of the applicant to engage in reasonable efforts to conclude prosecution.

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The PTO receives the benefit of these international phase activities regardless of the date on which it can begin national phase processing of the application. In particular, the international search report and international preliminary examination report particularly decrease the time the PTO must spend examining and processing the international application once national phase processing can begin. Because the PTO receives such benefits, it should not now consider the international phase procedures of the PCT as time which the applicant failed to advance the prosecution of the application. Furthermore, since the PTO as a designated and elected Office derives a significant benefit from the fact that applicants use the PCT procedures, it is apparent that encouraging applicants to forego use of the PCT, as the currently drafted rules clearly do, will only result in an increased workload for the PTO.

Moreover, the legislative history of the Act indicates that "only those who purposely manipulate the system to delay the issuance of their patents will be penalized" under Section 4402 (Cong. Rec. S14708, S14718 (daily ed. November 17, 1999) (statement of Sen. Lott)). In sharp contrast, because under the proposed rules the entirety of the international phase of the PCT will be counted as "failure to engage in reasonable efforts to conclude processing of an application," all applicants who file PCT applications designating the United States of America and enter the national phase before the PTO are potentially penalized. Thus, applicants under the PCT would be in a worse position than applicants filing regular national applications. In my view, it is not acceptable for any PCT Contracting State to include in its legislation any provision that would suggest that an applicant entitled to use the PCT and using it as provided therein is "purposely manipulating the system."

Finally, proposed rules 1.704(c)(7) and (8) are also in sharp contrast to the treatment received under proposed rule 1.704(c)(16) by a PCT applicant who chooses to file a "bypass" continuation application of an international application under 35 U.S.C. § 111(a) instead of a national phase entry application under 35 U.S.C. § 371. Under proposed rule 1.704(c)(16), the period of patent term adjustment would "not include any period that is prior to the actual filing date of the application that resulted in the patent." This would mean that, for a PCT applicant who chooses the bypass route, if the continuation application results in a patent, the time for the international phase would not count against the applicant in determining the period of patent term adjustment. However, for the same applicant who chooses to enter the national phase under 35 U.S.C. § 371, in accordance with proposed rules 1.704(c)(7) and (8), the time for the international phase would count against the applicant in determining the period of adjustment.

[End of letter and of Annex]