CHAPTER IV

THE PATENT SYSTEM AND DEVELOPING COUNTRIES: A CRITIQUE OF THE PARIS CONVENTION

INTRODUCTION

The basic international treaty relating to patents, utility models, industrial designs and other forms of industrial property is the Paris Convention for the Protection of Industrial Property. It constitutes the 'Corner-stone' of the international patent legislation. Even the latest GATT ThIPS Text clearly stipulates in Article 2(1) that "in respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1-12 and 19 of the Paris Convention 1967." It further provides under paragraph 2 of the same Article that "nothing in Parts I to IV of this Agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention ... ".

The present chapter is devoted to a critical examination of the provisions of the Paris Convention from the point of view of developing countries. An attempt has been made to trace different aspects of the controversy over the usefulness of the international patent system to developing countries which

inter alia include some striking features of patents as indicators of differences in developing and developed countries; objections of the developing countries to the Paris Convention; their initiatives towards its revision.

**SOME STRIKING FEATURES OF PATENTS AS INDICATORS OF DIFFERENCES IN DEVELOPING AND DEVELOPED COUNTRIES**

Although external patenting has proved to be a powerful indicator of innovative activities across OECD countries, its usefulness to explain developing countries' innovativeness is less obvious as the absolute number and share of developing countries' residents in external patenting is still very small. In developing countries, non-residents and multinational corporations account for the lion's share in filed patents.³

As per WIPO statistics, local residents accounted for only 25 percent of filed patents in developing countries between 1973 and 1987. According to the United States Patent and Trademark Office data the share of patents granted to developing countries' residents in the total number of patents granted in the United States over the period 1983 to 1988 was only 1½ percent. Therefore, domestic patenting activities in

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⁵ Ibid.
developing countries are strongly influenced by multinational corporations and this limits the usefulness of domestic patenting as an indicator of indigenous, innovative activities.

Out of the world patent stock of about 3.9 million, the Third World countries have only 6 percent (200,000). The nationals of the Third World hold only 30,000 of these, that is, less than even one percent of the world total. The other 170,000 or 84 percent of the total are held mostly by the powerful multinational corporations of the United States, United Kingdom, Germany, France, Switzerland and Japan. Moreover, not even 5 percent of these patents are used in production in the Third World. In India too, foreigners hold 80 to 90 percent of all patents, few of which are ever used in production.

It is also a fact that the Paris Convention established by industrialised countries in the last century with the prime aim of protecting the patent holder. It took shape before the admission of the majority of the developing countries to the international community and before the special needs and problems of these countries were recognised and acknowledged. Almost two-thirds of the developing country members acceded


According to another estimate, 40 percent of all the patents registered in the Third World are owned by the United States nationals, 11.5 percent by German, 9.6 percent by nationals of Switzerland, 8.9 percent by Britain and 7.3 percent by France. See "Big business gears up for the war over Inventions", South, no. 25, November 1982, p. 59.
to it only after all its main principles were firmly established and they have had little influence in its revisions and amendments.

EFFECTS OF PATENTS ON THE ECONOMIES OF DEVELOPING COUNTRIES

Therefore, for a number of years concern has been expressed by the developing countries about the impact of the international patent system on the development of their economies. It has been increasingly recognised that the international patent system in its evolving form, is not of benefit to them; it has instead a negative effect on their development. They did not consider that the Paris Convention represented an equitable balance between the rights of the patent holder and the public interest of the country where the patent has been granted. The concentration of patents in the dominion of large corporations has led to a near monopoly of the developed world and the numerous abuses in the licensing agreements. This situation has been called an "economic evil" and a patent has become an "instrument of business policy" with their main function not being to encourage inventive activity but to assist profit maximization of large multinational corporations.9


A direct result of such a patent system is the practice of cross-licensing of patents or patent pooling which has been described as a method whereby patent holders, mostly corporations, pool together their patents for competitive products and through express agreements reshuffle their monopoly privileges in order to divide world markets between themselves and avoid competition. It may also be pointed out that even within the framework of the Paris Convention 'patent pools' have been established as the multinational corporations were in a position to persuade even the anti-patent governments to accept the Paris Convention.11

The patent-holder is the only enterprise which can produce or import the patented products in the patent granting country. It has been stated openly by the firms that they take patents

10 Most of these cases involve some division of markets within Western Europe, a separation of the German from the French market, or the Italian from the German market, or similar compartmentalization. Typically, too, these arrangements separate the British market from the continent... The markets of the underdeveloped or non-producing areas are then allocated in accord with the respective bargaining power of the various producers. Ibid, p. 78.

11 For instance, American-German patent cartels in electrical and chemicals, although Germany was anti-patent at the time of the Paris Convention. By using their dominant position, they could compel other small industries either to join them as their subordinates or to liquidate them. Thus Switzerland was pressurized by Germany and the US at the Brussels Convention of 1897, to grant patent protection to chemical industries, notwithstanding the discretion of Switzerland to grant patent protection in a particular field or not. Retaliatory measures were threatened by them if Switzerland failed to oblige. Switzerland took it as a signal to the upcoming Swiss chemical industry either to join the German Chemical cartel or to quit. See Heinrich Krostein and Irene Till, "A Re-evaluation of the International Patent Convention", Law and Contemporary Problems, vol. 12, no.4, 1947, pp. 776-80.
in other countries and suppress them (i.e. do not work them) as a way of "stopping competition at its source". They export the patented products to markets where neither domestic nor other foreign firms can produce or export. Restraints on setting up new firms in developing countries are exercised by means of patents taken out by a producing concern in one of the industrial countries, either for a particular type of machine or for a particular manufacturing process. The effect of such a patent is to prevent a firm in any country in which it is valid from using the machine or process in question except with the permission of the patent owner. The patent owner often prefers to supply these markets from larger establishments in more advanced countries. It has been reported that "these patents are therefore taken not in the interests of the economy of the country granting the patent or with a view to manufacturing them, but with the main object of protecting an export market from competition from manufactures, particularly those in other parts of the world." "

It has also been stated that patent licences are in effect import permits given under certain conditions as the majority of patents are not exploited in developing countries; and since


14 Vaitsos, n. 9, p. 83.
patents are a block to technology transfer and foreign investment, patents are a means for limiting or restricting the flow of technology from the industrialized to developing nations. Patents are not only an impediment to technology transfer but also can hinder possibilities for domestic research activities in developing countries. Therefore, the legal system in matters related to patents in someway or other inhibits local technological development. Moreover, contracts for patent licensing and sale of technology include clauses which put restrictions on the licensee's business practices.

For the above-mentioned reasons patent systems in developing countries, at least as far as foreign patents are concerned, are not likely to have beneficial effect, for patents tend to enforce the monopoly in the use of advanced technology which industrialised countries enjoy. The above mentioned practices have directly or indirectly affected the export potential of technology receiving countries thus preventing their overall development through the growth of national industry. Although

thousands of patents are granted in the developing countries, yet their contribution to industrialisation and economic advance of the country is quite negligible. Thus, in its traditional form, the patent-system has not functioned as a policy instrument for the development of developing countries.

Apart from hidden costs in the form of transfer pricing, abusive practices, limiting possibilities of development of national manufacturing, the monopolistic privileges granted to the patentees also impose heavy direct cost burdens on the patent-granting countries. They raise the sales prices of the patented products thereby leading to a forced transfer of incomes from the consumers to the producers. 16

At this juncture, it is pertinent to mention the observations made in a Report prepared jointly by the United Nations Department of Economic and Social Affairs, the UNCTAD Secretariat and the International Bureau of the WIPO:

The small number of foreign patents which are actually used in production processes in developing countries represents a transfer of technology. Even in these cases, however, the agreements, entered into by developing countries, concerning use of patents through foreign investments or licensing arrangements frequently contain not only high royalty payments and charges for technical services raising the direct costs of obtaining the technology, but also restrictive practices and in some instances abuses of patent monopolies, either explicitly

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embodied in the contractual agreements or implicitly followed by subsidiaries and affiliates of transnational corporations, which impose heavy indirect or "hidden" costs through overcharging for imported inputs. The foreign exchange burden of these costs - much larger than direct costs - applies to all developing countries regardless of whether they have national patent laws or whether they are members of the Paris Union.

At this stage it becomes pertinent to say a few words about the structure of the Paris Convention. The Convention consists of 30 Articles, of which first 12 deal with questions of patents and other forms of industrial property. The remainder Articles deal with procedural and administrative aspects including the amendment of the Convention. The key rules of the Convention relating to rights of the patentees include national treatment for nationals of the countries of the Paris Union; right of priority for filing of application with other countries of the Union; independence of patents obtained for the same invention in different countries; importation of articles and the possibility of remedying non-working by compulsory licences; and forfeiture or revocation of the patents. Some of these have already been discussed in a previous chapter on norms and standards of patent protection and the remaining shall form the subject of discussion at the appropriate place in the chapters that follow.

The main weakness of the Paris Convention is that it is strong on rights of patentees but very weak on stipulating their obligations. There is little recognition of the public interest that is expected to be served by the system of patents and
safeguarding national interest particularly of developing
countries. This is evident from the absence of a preamble
to the Convention or an express statement regarding objectives
therein, which means that the Convention, even in its revised
text of 1967, does not contain any general commitment to the
importance of the public interest nor any specific statement
regarding the economic development objectives of the developing
countries.

The Paris Convention recognises the freedom of member
states to legislate according to their national interests. As
has been pointed out in the field of patents, for example, the
Convention leaves the member states entirely free to establish
the criteria of patentability, to decide whether patent
applications should or should not be examined in order to
determine, before a patent is granted, whether these criteria
have been met, whether the patent should be granted to the first
inventor or to the first applicant for a patent, or whether
patents should be granted for products only, for processes
only or for both, and in which fields of industry and for
what term.18 But to cope with the abuses of the patent system
very few remedial measures have been mentioned. The position
can be summed up by quoting what has been indicated in
connection with a framework for revision of the patent system in

18 G.H.C. Bodenhausen, Guide to the Application of the Paris
Convention for the Protection of Industrial Property (Geneva,
1968), pp. 15-16.
a joint study mentioned above:

The provisions on compulsory licensing and revocation have, in the absence of technological capacity in the developing countries, proved largely ineffective as remedial measures against non-use. Instead of being used in production, an overwhelming majority of patents granted to foreigners through national laws of developing countries have been used to secure import monopolies. Patent practices of developing countries, following international standards, have legalized this peculiar situation which has come to act as a reverse system of preferences granted to foreign patent holders in the markets of developing countries.

The amendments of the Convention through six revisions have been in the direction of strengthening the position of the patentee. For example, the London Act of 1934 abolished the possibility of the automatic revocation of a patent, and the Lisbon Act of 1938 abolished the possibility of granting of exclusive compulsory licences.

DEVELOPING COUNTRIES' INITIATIVES FOR REVISION OF THE PATENT SYSTEM

The question of the effects of patents on the economies of the developing countries was raised for the first time in 1961 at the sixteenth session of the General Assembly of the United Nations by the Government of Brazil, the only developing country which had remained within the Paris Union since its

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19 United Nations Publication Sales No. E.75. 11.D.6. See also n. 17, pp. 63-64.

20 See statement of Mr. Dekkar (Netherlands) at the Eighth Meeting of Main Committee I held on 7 October 1981, WIPO, Final Summary Minutes of the Meetings of the Plenary and of Main Committee I held during the Second Session of the Diplomatic Conference on the Revision of the Paris Convention, Nairobi, 28 September to 24 October 1981, FR/SM6, 23 December 1983, p. 46.
inception. It pointed out that "the existing international system of patents had been unable to prevent abuses detrimental to the public interest, and it still suffered, to a large degree from monopolistic interference. In certain cases, patents were requested by foreigners without thought of manufacturing the patented product locally or of applying the new technique. Licensing agreements authorizing local firms to use an invention often contained restrictive provisions." Brazil did not however, propose that the present system of patents be abolished, as it was still useful and merely needed to be improved. One of the basic aims of the Brazilian Government was to defend local industry. It did not hold any radical views on the subject of the international patent system but recognised that "the abuses that were committed deserved careful study of organizations such as the United Nations."

Subsequent to the discussion of the question, the General(346,784),(531,799) 23 Assembly passed a Resolution on 19 December 1961 in which it

22 Ibid, p. 408.
23 General Assembly Resolution No. 1713 (XVI), 19 December 1961. During the discussions the representative of the former Soviet Union observed that "the patent problem was one of several which had a decisive influence on the economic situation of under-developed countries, for monopoly contracts and practices retarded the development of these countries." It had been rightly stressed that "the purchase of patents, and payment of royalties on them resulted in an extremely heavy strain on the balance of payments of under-developed countries". According to the Dutch representative, "it was logical that having emphasized the importance of industrialization, investment, stable export earnings and the flow of capital and technical assistance to the less developed countries, the stress should be on the need for making the best use of modern technology and

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taking note of various United Nations reports on restrictive business practices, asked the Secretary-General of the United Nations, in consultation with appropriate international and national institutions and with the concurrence of the Governments concerned to prepare a report containing: (a) a study of the effects of patents on the economic development of underdeveloped countries; (b) a survey of patent legislation in selected developed and underdeveloped countries with primary emphasis on the treatment given to foreign patents; (c) an analysis of the characteristics of the patent legislation of underdeveloped countries in the light of economic development objectives, taking into account their need for rapid absorption of new products and technology and the rise in the productivity level of their economies; and (d) a recommendation on the advisability of holding an international conference in order to examine the problems regarding the granting, protection and use of patents taking into consideration the provisions of existing international conventions and the special needs of developing countries, and utilizing the existing machinery of the International Union for the Protection of Industrial Property.

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encouraging the dissemination of national and foreign inventions." See n. 21, pp. 408-09.
In adopting this Resolution, the General Assembly, among other things, made the following points:

(i) Access to knowledge and experience in the field of applied science and technology was essential to speed the economic development and increase the over-all productivity of underdeveloped countries. The protection of the rights of patent-holders both in their country of origin and in foreign countries had contributed to technical research and therefore to international and national industrial development.

(ii) It was in the best interest of all countries that the international patent system should be so applied as to take fully into account the special needs of the economic development of underdeveloped countries as well as legitimate claims of patentees.24

As regards the request of the General Assembly to call an international conference it may be pointed out that neither any conference was called nor the main body of the report, which was prepared and published pursuant to the above-mentioned resolution by the Department of Economic and Social Affairs of the United Nations in 1964, discussed the issue concerning the advisability of holding an international conference, with or without utilizing the existing machinery of the International Union for the Protection of Industrial Property. The point was not even included in the questionnaire circulated to Governments, inter-governmental bodies and non-governmental organisations. In fact it was pointed out in the report

24 See n. 21, p. 407.

that "since the problems arising in connection with the transfer of technology to developing countries go much beyond the operation of national patent systems or the conduct of international patent relations... a conference such as that contemplated in the resolution could only deal with part of the issue. More could be done through the combination of appropriate legislative and administrative measures at the national level with action to curb restrictive business practices in international licensing agreements, and the provision of technical and financial assistance to developing countries... than by calling such a conference, which could only deal with the limited aspects of granting, protection and use of patents."

The next phase of the initiatives started during the discussion on the International Development Strategy for the Second United Nations Development Decade in the late 1960s when the developing countries again took up the question of the revision of the international patent system. Upon their initiative paragraph 64 of the strategy called for "the review of international conventions on patents."

A step of major significance in this direction was taken later at the third session of the United Nations Conference on Trade and Development (UNCTAD) held in Santiago de Chile in 1972. The Conference unanimously adopted Resolution 39 (III) on transfer of technology which in paragraph 10 asked

26 Adopted in General Assembly Resolution No. 2626 (XXV), 24 October 1970.
for a study with a view to bringing up to date the 1964 United Nations Report on the subject and invited the Secretary-General "to devote special consideration in this study to the role of the international patent system in such transfer, with a view to providing a better understanding of this role in the context of a future revision of the system." Here one finds a shift from study and review to a future revision of the system.

Following the decision at the third session of the UNCTAD a report was prepared jointly by the UNCTAD Secretariat and the International Bureau of the WIPO investigating the impact of the patent system on the developing countries and highlighting the various ways in which the system worked to the disadvantage of the developing countries. Its conclusions were noteworthy:

407. The set of practices of the international patent system and its specific impact on the developing countries are closely related phenomena. It is in this context that a future revision of the patent system will have to be considered.

408. Such a consideration would therefore require a revision of the current patent laws and administrative practices of the developing countries. The purpose of any such revision will have to be that of making patent laws and practices capable of effectively complementing other instruments of policy for national development. Of particular relevance in this connection are, among

27 UNCTAD, The Role of the Patent System in the Transfer of Technology to Developing Countries, TD/B/AC.II/19, 23 April 1974, p. 78.

28 The Role of the Patent System in the Transfer of Technology to Developing Countries, n. 17.

29 Ibid, pp. 64-65.
others, the following aspects: treatment of nationals and foreigners; independence of patents; rights conferred by a patent; policies concerning subjects of patentability; duration of patent grants; adequate and effective provisions to prevent and correct the abuses resulting from the exercise of the rights conferred by the patent, using patent fees as a flexible instrument of patent policy; introduction of inventors' certificates, utility models and other relevant means for promoting national scientific and technological capabilities.

409. The issues involved in a future revision of the international patent system are complex and therefore need to be considered very carefully. It is important to ensure that the main lines of such a revision are pursued without creating a great deal of misunderstanding, uncertainty and possible major conflicts of interpretation of national laws and international standards - the very conditions which are highly prejudicial to an orderly acceleration of the transfer of technology from developed to developing countries.

In another Resolution adopted by the General Assembly on 30 September 1975, it was recognised in Section III paragraph 3 that "international conventions on patents and trade marks should be reviewed and revised to meet, in particular, the special needs of the developing countries, in order that these conventions may become more satisfactory instrument for aiding developing countries in the transfer and development of technology. National patent systems should, without delay, be brought into line with the international patent system in its revised form." The developed countries, by joining in the

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30 General Assembly Resolution No. 3362 (S-VII), 16 September 1975.
unanimous adoption of this resolution have, therefore, committed themselves to the review and revision of industrial property system "to meet, in particular, the special needs of the developing countries."

There were many Governmental Expert Group meetings in UNCTAD. An expert group of the developing countries which participated in the meeting of the Group of Governmental Experts on the Role of the Patent System in the Transfer of Technology in September 1975, put forward a statement on the role of the patent system and the transfer of technology to developing countries. It was circulated to the Committee on Transfer of Technology at the request of the representative of Ethiopia on behalf of the Group of 77. The statement contained concrete proposals outlining the precise directions in which the international standards, national patent laws and the patent administrative systems should be revised. After explaining in detail the rationale of their initiatives for the revision of the industrial property system, the statement in Part A paragraph 8 noted that the process of revision of the Paris Convention must fulfil, as a minimum, the following

31 The Role of the Patent System in the Transfer of Technology to Developing Countries: Conclusions of Experts from Developing Countries. For text, see UNCTAD, Report of the Committee on Transfer of Technology, First session, 24 November - 5 December 1975, Annex III.

32 See Doc. TD/B/C.6/12.
three basic objectives:

(a) The industry property system can serve as a useful tool for facilitating the transfer of technology to developing countries if the international standards are adapted to the economic, social and political conditions and national development objectives of developing countries and if they do not constrain in any way the flexibility of each country to adapt its laws and practices to its own needs;

(b) The immediate and continuing task of the system should be to provide in the shortest possible time the broadest possible technical assistance to help developing countries strengthen their scientific and technological infrastructures and to train their specialists;

(c) The international standards should reflect the historical and economic changes which have taken place, and the new trends in national legislation and practices of developing countries (whether members or not of the Paris Union).

It was further provided in paragraph 9 that in order to achieve those objectives, the process of revision of the Paris Convention should address itself to resolving among others the following points:

(a) The working of patents in developing countries is of primary importance for development. In no way can it be replaced by importation, nor by creation of a monopoly with respect to such importation;

(b) To establish a balance between the rights of the patent owners and their duties and obligations;

(c) To present abuses which are permissible under the clauses of the existing Convention;

(d) The recognition of the rights of any member country, inter alia:

1) to determine the forms, types and modalities of industrial property to be included in its own national legislation;

2) to define which products, or groups of products, and processes are to be excluded from patent protection, or similar legally protective rights;
iii) to establish the type and form of licensing systems which it deems necessary for its economic development (compulsory licences, licences de-office and licences of right or any other type decided upon);

iv) to decide on the ground for automatic annulation of revocation, including expropriation for State reasons, of patents or other titles of protection;

v) to decide what to require of the applicant in the way of disclosure of the invention, or information pertaining to any new development or to any other aspect regarding the invention;

vi) to demand the complete elimination of restrictive practices or abusive clauses in licensing agreements.

(e) Concerning "national treatment", it is indispensable to establish a system of "non-reciprocal preferential treatment" in favour of developing countries involving special flexibility and provisions concerning the following:

i) The level and type of fees and the scale of progressive annuity rates;

ii) Priorities;

iii) Duration of protection;

iv) Promotion of national inventive capacity in all its aspects and encouragement and concessions to national inventors, not extensive to foreigners;

(f) Requirement at national level in developing countries that all inventions which are generated or initiated in the country be first registered in that country, even in the event of employees' inventions.

(g) Developed countries should supply technical information in patents to developing countries and guarantee its exchange as well as any other means of collaboration which can improve the search for technological alternatives and the negotiating capabilities of developing countries.

It also established the guiding principles for the revision of national patent laws:

(a) Patents should be conceived as an instrument of national economic policy, to be used in conjunction with other policies, such as incentives to national inventiveness, transfer of technology and foreign investment, for the realization of national development objectives;
(b) The legal privilege embodied in the patent grant should be governed by the criteria of public interest and national sovereignty;

(c) The basic objectives of the patent system, at least as far as developing countries are concerned, should be the promotion of the scientific and technological capabilities of the patent-granting country, the generation and diffusion of technical knowledge and innovations and their incorporation into the production process, and to facilitate access to appropriate foreign technology under fair and reasonable terms and conditions.

In fact these points guided the subsequent revision of national laws and regulations of the developing countries and covered all the major concerns of the developing countries like incorporating new instruments in the system; spelling out both the rights and the obligations of the parties involved; sufficient flexibility in excluding several products and processes from patent protection in the light of the requirements of accelerated national economic development, public health, national defence, and public interest in general; relating the scope of patent privileges and their duration to importance of the invention and nationality of the patent applicant spelling out the obligations of the patent holders; stronger provisions for controlling the abuses inherent in the grant of monopolistic rights; stricter provisions to prevent import monopolies and to assure an actual use of the patents in national production processes, charging registration fees in relation to the commercial significance of the patented inventions and introducing a progressive scale in maintaining them.
The above mentioned conclusions and recommendations of the Group of Governmental Experts were endorsed but in a modified form in a Resolution of 5 December 1975 adopted by the UNCTAD Committee on Transfer of Technology at its fourteenth meeting so as to achieve a consensus of all countries, including the 33 developed countries. The Committee on Transfer of Technology recommended that the process of revision of the Paris Convention should be guided, inter alia, by the following considerations:

(a) The need to improve the conditions for adaptation of technology and for development of indigenous technology in developing countries through inter alia, the training of personnel and the provision of access to relevant documentation.

(b) The need to promote an effective transfer of technology to those countries under fair and reasonable terms and conditions.

(c) That the importation of the patented product is not as a general rule a substitute for the working of the patent in the developing country granting it.

(d) That more adequate provisions are required to avoid abuses of patent rights and to increase the probability of patents being worked in the developing country granting them.

(e) That the introduction of forms of protection of inventions other than traditional patents (e.g. inventors' certificates, industrial development patents and technology transfer patents) should be examined.

(f) That the need for technical assistance to developing countries in the field of industrial property, and in particular for expanded access to and utilisation of patent documentation by developing countries, in order to facilitate the transfer, absorption, adaptation and creation of suitable technology, should be recognised.

33 UNCTAD Committee on Transfer of Technology Resolution No. 3(1), 5 December 1975.
That in depth review of the provisions of trade marks should be carried out.

That there should be new and imaginative studies of possibilities of giving preferential treatment to all developing countries.

That an ultimate aim of the on-going process of revision should be to provide reasonable conditions for universal membership in the Paris Union.

Following the UNCTAD Committee Resolution, after unanimously endorsed by the General Assembly, the actual negotiations on the revision of the Paris Convention were passed on to the WIPO, the details of which are given ahead.

WIPO: THE ONGOING REVISION OF THE PARIS CONVENTION

Preparatory Work and Negotiating Procedure

The preparatory work for the revision of the Paris Convention started in 1974 and continued until 1980 the first Diplomatic Conference on the Revision of the Paris Convention was convened in Geneva from 4 February to 4 March 1980. An

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See Patel, n. 16, p. 47.

The idea of a possible revision was first put forward by the delegation of India on behalf of developing countries and by the delegation of the United Kingdom on behalf of developed market economy countries. See WIPO: Diplomatic Conference on the Revision of the Paris Convention, Geneva, 4 February - 4 March 1980, PR/DC/3, 25 June 1979, pp. 3, 6.

Concerning the Negotiating Procedure revision was officially mooted in the Coordination Committee of WIPO in June 1974 which requested the Director General of WIPO "to make provision in the draft budget for 1975 for the creation and convocation of an Ad Hoc Committee of Experts coming from States both members and non-members of the Paris Union to study the possibilities of revising the Paris Convention so that it contain, if necessary, additional provisions of special benefit to developing countries." The idea was later on, in the same year, endorsed by the

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Ad Hoc Group of Governmental Experts of the Revision of the Paris Convention was set up, consisting first of representatives of all members of the WIPO, but embracing eventually all states members of the United Nations or any of its specialised agencies.

The Group of Experts held three sessions between February 1975 and June 1976. At its first session held in Geneva in February 1975 the Group selected fourteen questions which the experts invited WIPO to study, and on the basis of the WIPO report the Group was able to recommend the lines of revision of the Convention. Actually the considerations contained in UNCTAD Committee Resolution 3(1), mentioned above formed the basis of the guidelines agreed to in the WIPO. At its second session held in Geneva from December 15 to 22, 1975, the Ad Hoc Group of Governmental Experts on the Revision of the Paris Convention adopted a "Declaration on the Objectives of the Revision of the Paris Convention" which comprised inter alia the following objectives to be achieved by the revision:

1) to give full recognition to the needs for economic and social development of countries and to ensure a proper balance between these needs and the rights granted by patents;

ii) to promote the actual working of inventions in each country;

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competent governing bodies of WIPO and the Paris Union, who instructed the Director General to create and convene the said Ad Hoc Group of Experts pursuant to this decision. PR/DC/3, ibid, p.6.

36 Ibid.
37 Ibid.
38 For the text, see ibid, pp. 7-8.
iii) to establish the principal obligations and rights of the owners of industrial property rights;

iv) to facilitate the development of technology by developing countries and to improve the conditions for the transfer of technology under fair and reasonable terms;

v) to encourage inventive activity in developing countries;

vi) to increase the potential in developing countries in judging the real value of inventions for which protection is requested, in screening and controlling licensing contracts and in improving information for local industry;

vii) to contribute to the building of the institutional infrastructure in developing countries designed to serve the above purposes, particularly the modernization or creation of industrial property offices, technical documentation centres and information services at the disposal of national industry and national inventors;

viii) to enable member countries to take all appropriate measures in order to prevent abusive practices in the field of industrial property; and

ix) to ensure that all forms of industrial property be designed to facilitate economic development and to ensure cooperation between countries having different systems of industrial property protection.

The Declaration of Objectives also stated that, as far as the Revision of the Paris Convention was concerned, consideration should be given to certain defined cases in which exceptions and/or correctives to the principles of national treatment and independence of patents and preferential treatment for developing countries should be allowed. Moreover, special services for developing countries should be established within the Paris Union to provide the necessary technical assistance for helping the said countries strengthen their scientific and technological infrastructure, and to train their specialists. Finally,

39 Paragraph 4.

40 Paragraph 5.
it stated that international treaties within the competence of WIPO, in particular the Paris Convention, should be framed in such a manner so as to leave a maximum degree of liberty to each country to adopt appropriate measures on the legislative and administrative levels, consistent with its needs and its social and economic development policies. 41

Approval was given by the Assembly of the Paris Union in 1976, which pursuant to a recommendation of the Ad Hoc Group of Experts established a Preparatory Inter-governmental Committee on the Revision of the Paris Convention. The Preparatory Committee held five sessions in Geneva between November 1976 and December 1978. It set up four working groups to deal with the main issues, namely (i) inventors' certificates; (ii) Article 5A of the Convention; (iii) questions of special interest to developing countries; and (iv) conflict between an appellation of origin and a trademark. Each working group was composed of approximately fifteen countries, reflecting a balance between the various interests. Certain

41 Paragraph 7.


43 The Working Group on Inventors' certificates was composed of representatives of the following 13 countries: Algeria, Bulgaria, Czechoslovakia, France, erstwhile German Democratic Republic, Hungary, Italy, Mexico, Poland, Erstwhile Soviet Union, Switzerland, United Kingdom, United States. A certain number of states members of the Preparatory Committee but not of the Working Group on Inventors' certificates were represented in an observer capacity.

The Working Group on Article 5A was composed of representatives of the following 16 countries: Algeria,
countries were represented in all the groups, namely Algeria, France, Poland, the former Soviet Union, the United Kingdom and the United States. These working groups submitted detailed proposals for amendment of the Convention, and some proposals were submitted independently by the developing countries alone. These proposals were approved for discussion by the Preparatory Committee and are known as the "basic proposals". The Executive Committee of the Paris Union then set up a Provisional Steering Committee of the Diplomatic Conference, of twenty-four states, which drew up provisional rules of procedure for the Conference. These rules provide that only those amendments which fall within the scope of the basic proposals may be considered by the Conference. The basic proposals, too, were drawn up by negotiation in the various groups, the countries operating under the then United Nations group system, where the industrialised countries constituted Group B, the former Socialist countries constituted Group D, and the developing countries the "Group of 77".

Brazil, Cameroon, Canada, Colombia, Cuba, France, erstwhile Federal Republic of Germany, India, Poland, Soviet Union, Sweden, Uganda, United Kingdom, United States, Yugoslavia. The composition of the Working Group entrusted with questions of special interest to Developing Countries was the same as that of the Working Group on Article 5A because the later having finished its own work was converted into this new working group.

The fourth Working Group on conflict between an Appellation of Origin and a Trademark was composed of representatives of the following 15 states: Algeria, Brazil, Cameroon, Canada, France, erstwhile Federal Republic of Germany, Hungary, India, Kenya, Poland, erstwhile Soviet Union, Switzerland, United Kingdom, United States, Yugoslavia. Ibid, p.9.

Representatives of the following 24 states composed the Provisional Steering Committee: Argentina, Brazil, Bulgaria, Cameroon, Canada, Czechoslovakia, Egypt, France, former
China did not belong to any group. As a result of these preliminary negotiations, many of the texts of the proposed amendments were agreed, others were put in alternative form.\footnote{Note, "WIPO: Revision of the Paris Convention", Journal of World Trade Law, vol. 13, no. 6, November-December 1979, pp. 564-5.}

The "Basic Proposals" for Revision Submitted to the Diplomatic Conference

The proposals submitted to the Diplomatic Conference consisted of drafts adopted and/or forwarded to the Conference by the Preparatory Inter-governmental Committee which contained amendments to Articles existing in the Stockholm Act of the Paris Convention (namely, Articles 1, 5A, 5\text{quater}, 6\text{ter}, 13, 20, 21, 22, 23, 24, 26, 27, 28, 29 and 30) or proposals for new Articles (namely, Articles 10\text{quater}, 12\text{bis}, 12\text{ter} and 46\text{bis}, and Articles aA and B).

(a) Article 1 - Inventors' Certificates

Article 1 deals with the scope of industrial property as this concept is to be defined and understood in the Convention. The proposed Article 1 introduced as the main change in the text of the Convention the recognition of inventors' certificates.


Contd....
as a title of industrial property to be accepted on the same footing as the other titles of industrial property, in particular patents for inventions. The proposed text included a definition of inventors' certificates for these purposes, as well as a definition of patents for inventions, in order to assert a parallelism and balance between both titles. The proposed new text of Article 1 contained alternatives with respect to the question whether the recognition of inventors' certificates should in all cases depend on a free choice between a patent and an inventor's certificate or whether exceptions from the "free choice" principle could be permitted. A detailed discussion of this new text of Article 1 has already been made in Chapter I (pp. 35-39) of this study.

(b) Article 5A - Importation of Articles: Abuses; Failure to Work; Exploitation in the Public Interest

Article 5A of the Paris Convention is one of the articles of greater interest to developing countries. The proposal to amend this Article dealt particularly with the importation of articles covered by patents, failure to work patents, abuses of patent rights, exploitation of patents in the public interest, and special provisions for developing countries. Herein follows

For the Draft text of Article 1 with Notes, see WIPO Doc. PR/DC/3, n. 35, pp. 18-37. For Synoptic Tables concerning Article 1 of the Paris Convention for the Protection of Industrial Property, see WIPO, Diplomatic Conference on the Revision of the Paris Convention, PR/DC/INF/51, September 1984, pp. 5-19.
a brief description of the proposed new text of Article 5A.

The details will be examined in chapter VII dealing exclusively with working and non-working of patents.

The text of proposed Article 5A states:

(1)(a) Any country of the Union has the right to require by its national law that the inventions for which that country has granted a patent, or in the case of countries providing for a deferred examination when a provisional protection has been granted, be worked in its territory by the owner of the patent or under his authorization.

(b) Importation of articles incorporating the patented invention or made by the patented process does not constitute working of the patented invention. However, any country of the Union has the right to regard the importation of articles incorporating the patented invention or made by the patented process as fulfilling the requirements of working the patented invention.

(2)(a) For the purposes of this Article, "non-voluntary license" means a license to work a patented invention without the authorization of the owner of the patent, it also means a license to work a patented invention given by the owner of the patent where the national law obliges him to give such a license.

(b) Any country of the Union has the right to adopt legislative measures to prevent abuses resulting from the exercising of the rights granted by the patent. However, importation into the country where the patent has been granted of articles manufactured in any of the countries of the Union shall not, in the absence of circumstances constituting abuse of the patent rights, entail forfeiture of the patent.

(3) Forfeiture of the patent shall not be provided for except in cases where the grant of non-voluntary licenses would not have been sufficient to prevent the said abuses. No proceedings for the forfeiture or revocation of the patent may be instituted before the expiration of two years from the grant of the first non-voluntary license.

(4) A non-voluntary license may not be applied for on the ground of failure to work or insufficient working before the expiration of a period of four years from the date of filing of the patent application or three years from the date of the grant of the patent, whichever period expires last; it shall be refused if the patentee justifies his inaction by legitimate reasons.
(5) Any country of the Union has the right to provide in its national law, where the exploitation of the patented invention is required by reason of public interest, in particular national security, nutrition, health or the development of other vital sectors of the national economy, for the possibility of exploitation, at any time, of the patented invention by the government of that country or by third persons authorized by it.

(6) Any non-voluntary license shall generally be non-exclusive and shall not be transferable, even in the form of a grant of a sub-license, except with that part of the enterprise or goodwill which exploits such license. However, in special cases where exclusive licenses are necessary to ensure local working, such exclusive licenses may be granted for a period of up to six/three years subject to the condition that the patent may not be forfeited or revoked for insufficient working for a further period of one/two years after the expiration of the exclusive license.

(7) Any decision relating to the grant of a non-voluntary license or to exploitation in the public interest, including the amount of the just payment to which the patentee is entitled, or any decision relating to the revocation or forfeiture of a patent shall be subject to review at a distinct higher level in accordance with the applicable national law.

(8) Notwithstanding anything contained in paragraphs (3) and (4), developing countries have the right to apply the following provisions:

(a) Any developing country has the right to grant non-voluntary licenses where the patented invention is not worked, or is not sufficiently worked, by the owner of the patent or under his authorization in the territory of that country within two/three years from the grant of the patent in that country, unless the patentee can satisfy the national authorities competent to grant non-voluntary licenses that there are circumstances which justify the non-working of the patent. Where the national law provides for deferred examination for patentability and the procedure for such examination has not been initiated within three years from the filing of the patent application, the time limit referred to in the preceding sentence shall be four/five years from the filing of the said application.

(b) Any developing country has the right to provide in its national law that the patent may be forfeited or may be revoked where the patented invention is not worked, or is not sufficiently worked, in the country before the expiration of three/five years from the grant of
the patent in that country, provided that the national law of the country provides for a system of non-voluntary licenses applicable to that patent, unless the patentee has been able to convince the national authorities competent for forfeiture or revocation that circumstances exist which justify the non-working of the patent.48

49 The proposed Article 5A contained provisions authorising national laws to take certain measures under three types of cases namely: where the patent rights are abused, where the patented invention is not, or not sufficiently, worked in the country where the patent was granted, and where the public interest is involved. In each case, the laws and competent authorities in the countries of the Union would be able to apply several measures, according to the situations referred to previously, within certain limitations. For the case of failure to work or insufficient working, it would be possible for any country to provide for the grant of non-voluntary licences to work the patented invention. Other measures included in particular, forfeiture and revocation of the patent in the case of abuse of the patent rights and - as a subsidiary measures - forfeiture and revocation also for the case of non-working or insufficient working of the patented invention. Finally, where the public interest required exploitation of the invention, it was

Reproduced from WIPO Doc. PR/DC/3, n. 35, pp. 38, 40, 42, 44, 46, 48, 50, 54, 56.

49 For details of the Draft text of Article 5A with Notes, see PR/DC/3, ibid, pp. 38-63; For Synoptic Tables Concerning Article 5A, see PR/DC/INF/51, n. 47, pp. 21-47.
proposed to allow national laws to provide for the grant of authorisation to exploit or work the invention by the state or by any person designated by the competent national authorities. Another important feature of the draft text of Article 5A was that some of its provisions were specifically intended for developing countries. For these countries, shorter periods and easier requirements were submitted, in order that they may regulate more freely the grant of non-voluntary licences and the application of sanctions and other measures to deal with failure to work and abuse of patent rights.

(c) Article 5 quater — Importation of Products Manufactured by a Process Patented in the Importing Country

This Article, in the current text of the Stockholm Act, provides that when a product is imported into a country of the Union where there exists a patent protecting a process for the manufacture of the said product, the patentee has all the rights, with regard to the imported product, that would be accorded to him by the law of the country of importation on the basis of the process patent, with respect to products manufactured in that country. The basic proposal submitted to the Diplomatic Conference with respect to this Article was that it be omitted entirely from the Convention, or at least that developing countries be exempted from the obligation to apply the said

50 For the draft text of Article 5 quater with Notes, see PR/DC/3, ibid, pp. 64-65; For Synoptic Tables Concerning Article 5 quater, See PR/DC/INF/51, ibid, pp. 49-50.
Article. The existing provision contained in Article 5 quater refers essentially to the issue of whether a country which, according to its law, grants process patents (with an extension of the protection to the products manufactured by such process), should regard the sale of the product manufactured by such process as illegal only when the product is manufactured in that country, or if such sale would also be illegal if the product has been manufactured abroad and subsequently imported.

(d) Articles A and B - Preferential Treatment for Nationals of Developing Countries

The proposal to include new Articles A and B was made by the Group of Developing Countries in order to implement measures of preferential treatment in favour of nationals of developing countries.

(i) Differential Treatment in Respect of Fees

Article A deals with preferential treatment to be given in respect of the fees they have to pay in order to obtain

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51 For the draft text of Article A with Notes, see PR/DC/3, ibid, pp. 68-71.
52 For the draft text of Article B with Notes, see ibid, pp. 72-75.
53 For the purposes of this Article, "fee" shall mean the amount of money payable to a country, member of the Union, whether direct or through the intermediary of an international authority, by virtue of the national law of the country or a treaty to which the said country is party, in respect of:

i) the application for the grant or registration of a patent, inventor's certificates, other title for the protection of an invention or innovation, industrial design, trademark, service mark or geographical indication concerning products or service;

ii) any search, examination or publication of such application,

iii) the said patent or registration, as well as any publication, maintenance or renewal thereof.

See Article A paragraph (1).
industrial property rights in other countries of the Union. The Article provided in paragraph (4) that where the owner of the industrial property right is a national of a developing country, the amount of any fee payable to another country of the Union for obtaining an industrial property right would be one half of the fees payable by the nationals of the latter country. "National" was defined in paragraph (3) as follows:

For the purposes of this Article, "national" of a country shall mean:

54 1) where the owner (applicant) is a natural person, a person who has the nationality of that country and of no other country;

ii) where the owner (applicant) is a legal entity in which no natural person or legal entity of another country has any direct or indirect proprietary interest.

The effect would have been that nationals of a developing country were to be entitled to pay only half fees in connection with applications etc. in respect of industrial property in any other country, whether that country was a developing country or not. At present the applications from developing countries to developed countries constitute only a small proportion of the total applications received.

54 For the purposes of this Article "owner" shall mean the beneficiary of the grant or registration referred to in paragraph (1) and, prior to the grant or registration, the applicant therefore, provided in either case that he is bonafide. See Article A paragraph (2),
(ii) **Differential Treatment in Respect of the Term of Right of Priority**

Under proposed Article B, it was provided that where the applicant for an industrial property right was a national (or resident) of a developing country, and the application whose priority was claimed was filed in or for that country, the

The text of Article B is as follows:

1. **Definition of "application"**
   For the purposes of this Article, "application" shall mean a request for the grant or registration of a patent, inventor's certificate, other title for the protection of an invention or innovation, industrial design, trademark or service mark.

2. **Definition of "applicant"**
   For the purposes of this Article, "applicant" shall mean the natural person or legal entity that has filed the application or his or its successor in title, provided that he or it is bonafide.

3. **Definition of "national"**
   For the purposes of this Article, "national" of a country shall mean:
   
   (i) where the applicant is a natural person, a person who has the nationality of that country and of no other country;

   (ii) where the applicant is a legal entity, a legal entity in which no natural person or legal entity of another country has any direct or indirect proprietary interest.

4. **Extension of the Term of Priority**
   Where the applicant is a national of a country regarded as a developing country in conformity with the established practice of the General Assembly of the United Nations and the application whose priority is claimed was filed by that applicant or his predecessor in title in or for that country, the priority periods referred to in Article 4(1) shall be extended by one-half of the applicable priority period referred to in that Article, provided that

   (i) the application in which the priority is claimed was filed under the national law, the Madrid Agreement concerning the International Registration of Marks, the Hague Agreement Concerning the International Deposit of Industrial Designs or the Trademark Registration Treaty,

   (ii) such application contains a request for the said extension, and

   (iii) the said country's special industrial property service within the meaning of Article 12(1) certificates that the said application is a national of that country.

Reproduced from WIPO Doc. PR/DC/3, n. 35, pp. 72, 74.
priority periods established in the Convention for the ordinary cases Article 4C(1) were to be extended by one half of the applicable priority period corresponding to the type of title. In these cases, therefore, the priority period for patents would have been extended to 18 months instead of 12 months.

(e) Article 12 bis-Furnishing of Information

Article 12 bis submitted to the Diplomatic Conference at the instance of developing countries was also a new Article. The draft dealt with the question of furnishing of information concerning patent applications filed for the same invention abroad to the industrial property office of the country in which a patent of invention had been applied for. It was intended to cover the problems involved in patent offices where information was available or steps had been taken by another patent office in respect of the patentee for the same invention. The first paragraph of the proposed Article provided that where any country of the Union required a patent applicant or a patentee to furnish information concerning a corresponding application or patent for

56 The draft text of Article 12 bis reads:
(1) Where any country of the Union requires a patent applicant or a patentee to furnish information concerning a corresponding application or patent for the same invention in another country of the Union, the latter country shall, through the intermediary of its national office, furnish to the applicant or patentee, on his request, such information provided that the information is available in the national office and the applicant or patentee is entitled to it.
(2) Where the national office of the country seeking information doubts the authenticity, correctness or completeness of the information transmitted to it by the applicant or patentee, that office may ask for the information direct from the office of the country requested to furnish the information. The latter shall be obliged to furnish such information if it is publicly available.

WIPO Doc. PR/DC/3, n. 35, pp. 78, 80.
the same invention in another country of the Union, the latter country shall, through the intermediary of its national office, furnish to the applicant or patentee such information provided that the information is available in the national office and that the applicant or patentee is entitled to receive such information. It may be noted that in this case the information was to be requested by, and would be furnished to, the applicant or the patentee and not to the national office or other authority which required the information. Typically, the information which could be requested under this Article, and to which the applicant or patentee would be entitled, would be the search reports, examination reports and other documentation regarding the novelty or patentability of the invention in question.57

Under second paragraph where however the national office doubts the authenticity, correctness or completeness of the information transmitted to it by the applicant or patentee, it could ask for the information direct from the office of the country requested to furnish the information, and in that case the office of the other country would be obliged to furnish the information, but only in the case where that information was publicly available. This would mean that information which was not available to the public, but only to the applicant or patentee, could not be provided by the office of the other country to the office of the country requesting the information.58

57 See Doc. WIPO/IP/DEL/91/4 bis, n. 46, p. 34.
58 Ibid, p. 34.
It was understood that these provisions would apply where the applicant did not already have the information; the national office concerned was to be entitled to charge a fee; and to give the reply in its own language. It was further understood that "doubt" implied a substantial doubt in the interest of avoiding burdens on patent offices.

(f) Article 12 ter and 13(2)(a)(xiv) - Development of Developing Countries

The proposal for a new Article 12 ter also represented an innovation for the Paris Convention. It reflected one of the main preoccupations of all international cooperation, mainly within the framework of the United Nations system of organisations, of which WIPO, the organisation administering the Paris Convention was a member. The preoccupation was that developing countries should rapidly develop, mainly - and, as far as the Paris Union is concerned, particularly - by developing their industry. The

59 See n. 45, p. 573.

60 Article 12 ter states:

(1) The Union shall endeavor, within its field of competence, to contribute to the development of developing countries by means of industrial property.

(2) This effort shall bear in particular on the modernization of industrial property laws and their administration, on the establishment of national and regional organizations responsible for the promotion of the use of industrial property, on the best use of patent documentation, on the encouragement of domestic inventive and innovative activity thanks to incentives derived from the industrial property system and on the best use of industrial property in connection with the acquisition of foreign technology and the export of domestic technology and domestic products. PR/DC/3, n. 35, pp. 82, 84.
proposal was again like Article 12 bis introduced at the instance of the developing countries. The draft consisted of two paragraphs: Paragraph (1) expressed the aim, namely, that the Union - that is, its member States, collectively, and its Secretariat (the International Bureau of WIPO) - should contribute to the development of developing countries by means of industrial property. In this regard it should be mentioned that the WIPO, being a specialised agency of the United Nations system as well as the international organisation administering the Paris Convention has the mandate and the duty of conveying assistance to developing countries in order to contribute to their efforts to achieve development, this particularly in the field of industrial property. Paragraph (2) listed examples "in particular" of the specific tasks which the Union would undertake to contribute to the development of developing countries by means of industrial property. Instances in which the cooperation activities could take place mentioned that the Paris Union's efforts should bear in particular on the modernisation of industrial property laws and their administration, on the establishment of national and regional organisations responsible for the promotion of the use of industrial property, on the best use of patent documentation, on the encouragement of domestic and inventive and innovative activity, and on the best use of industrial property in connection with the

61 Ibid, p. 83.
62 See WIPO/IP/DEL/91/4 bis, n. 46, p. 34.
acquisition of foreign technology and the export of domestic technology and domestic products. It was understood that this would include training and courses but that WIPO would not give advice in individual cases of licensing.

A clause (XIV) was also added to Article 13(2)(a) of the Paris Convention providing for an additional task of the Assembly of the Paris Union, namely that of recommending to the Conference of WIPO "items relating to industrial property for inclusion in the program of legal-technical assistance to developing countries and, in the light of that program, determine the sum to be made available by the Union to the budget of the Conference." The budget of the WIPO Conference is financed, among other sources, from any sums made available to that budget by the Unions (including the Paris Union), and the amount of that sum has to be fixed by the Assembly of the Union that makes the contribution. This clause had been suggested with the purpose of adequate compliance of Article 12 ter and proper execution of cooperation.

(g) Administrative and Final Provisions

In addition to the proposals concerning matters of substance mentioned above, the basic proposals submitted to the Diplomatic Conference also contained suggestions for the

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63 See n. 45, p. 573.
64 See WIPO Doc. PR/DC/3, n. 35, pp. 86-87.
65 See WIPO/IP/DEL/91/4 bis, n. 46, pp. 34-35.
amendment of various articles regarding the administrative and final provisions contained in the Paris Convention. The proposals put forth 11 Articles of the Convention for amendment. These Articles concerned the following:

(i) Article 20 - Signature; Ratification and Accession

The new text provided that signature of the revised Convention was to be limited to members of the Paris Union, and the revision was to be accepted in its entirety. At the Stockholm revision changes were made in the substantive text (in connection with inventor's certificates) and also in the administrative arrangements (by establishing an Assembly, an Executive Committee and new rules on finance) and it was permitted for members of the Union to accept only one of these parts. No substantial administrative changes were contemplated now, and it was not thought that there was any need to provide for partial acceptance only of the revised draft, as countries had now had ten years to accommodate themselves to the administrative system.

(ii) Article 21 - Entry into Force

The present Stockholm Act provides, for both its substantive and administrative parts, that the "initial" entry into force

66 The draft text of Article 20 is as follows:

(1)(a) Any country of the Union may sign this Act.

(b) Any country which has signed this Act may ratify it.

(2)(a) Any country of the Union which has not signed this Act may accede to it.

(b) Any country outside the Union may accede to this Act and, by acceding to it, shall become a member of the Union.

(3) Instruments of ratification and accession shall be deposited with the Director General.

WIPO Doc. PR/DC/3, n. 35, p. 88.

67 Ibid, p. 89. See also n. 45, p. 573.
shall require the deposit of instruments of ratification or accession by ten countries, it also provides for a waiting period of three months after the deposit of the tenth instrument. For any other country, it provides for a waiting period of a minimum of three months.

However, alternative A of the proposed draft of Article 21 would have made the waiting period one month for all the countries except the first two. Furthermore, it was to provide for

68 Article 20 (2)(a) and (b).
69 Articles 20(2)(c) and 21(2) and (3).
70 The draft text of Article 21 is as follows:

(1) With respect to the Alternative A: three countries
Alternative B: ten countries of the Union which are the first to deposit their instruments of ratification of or accession to this Act, this Act shall enter into force
Alternative A: one month
Alternative B: three months
after the day on which the Alternative A: third
Alternative B: tenth of the said instruments is deposited.

Alternative A

(2) With respect to any other country which deposits its instrument of ratification of or accession to this Act, this Act shall enter into force one month after the day on which that instrument is deposited.

Alternative B

(2) This Act shall enter into force with respect to any other country of the Union, which deposits its instrument of ratification or accession, three months after the date of notification by the Director General of such deposit, unless a subsequent date has been indicated in such instrument. In the latter case, this Act shall enter into force with respect to that country on the date thus indicated.

(3)(a) With respect to any country outside the Union which deposits its instrument of accession three months or more before the date of entry into force of this Act, this Act shall enter into force, unless a subsequent date has been indicated in the instrument of accession, on the date upon which it enters into force pursuant to paragraph (1). If a country indicates a subsequent date in its instrument of accession, this Act shall enter into force with respect to that country
"initial" entry into force as soon as there were three—rather than ten ratifications or accessions, three being the minimum number that makes a treaty multilateral, the three countries need not be members of the Paris Union. This alternative was favoured by the group of developing countries "for the basic reason that these countries wished to see the new Act enter into force as soon as possible so that they could avail themselves of it in their domestic laws." On the other hand, Group B countries through alternative B wished the changeover from the Stockholm revision to the new one to take place as far as possible in one operation, and therefore proposed that the entry into force should be three months after ratification by ten members of the Union. The difference between the two alternatives concerned essentially three points:

i) the number of countries which were required to ratify or accede to the new Act to cause its entry into force, according to alternative A, that number is three, whereas, under alternative B, that number is ten;

ii) the status that countries were required to have vis-à-vis the Paris Union for their instruments of ratification of the new Act (or accession to it) to count in causing the entry into force of the new Act; according to alternative A, those on the date thus indicated.

(b) With respect to any country outside the Union which deposits its instrument of accession after the date of entry into force of this Act, or less than three months before such date, this Act shall enter into force three months after the date on which its accession has been notified by the Director General, unless a subsequent date has been indicated in the instrument of accession. In the latter case, this Act shall enter into force with respect to that country on the date thus indicated.

WIPO Doc. PR/DC/3, n. 35, pp. 94, 96, 98.

71 Ibid, p. 93.

72 Ibid, p. 95.
countries (three in number) may or may not already be members of the Paris Union at the time the new Act came into force, whereas, under alternative B, those countries (ten in number) must already have been members of the Paris Union at the said time;

iii) the period calculated from the day in which the last instrument of ratification (or accession) (counting for the entry into force of the new Act) is deposited, that will elapse between the date of deposit of the said last instrument and the date of entry into force of the new Act. Under alternative A, that period was one month, whereas according to alternative B, that period was three months. 73

(iii) Article 23 - Closing of Earlier Acts

The "closing" of the earlier Acts served a number of important practical purposes. It is a fact that not all the countries members of the Paris Union are bound by the same Acts of the Paris Convention, and that such diversity is undesirable since it means not only complexity (several countries have to apply it to four different Acts: one in their relations with some countries, another in their relations with certain other countries and so on) but also in some cases, a complete absence of any relations (namely, between countries which have ratified or acceded to different Acts only). The advent of the new Act would have increased this complexity because there would have been yet another Act that would not apply to all the countries, and that situation would have probably lasted for a very long time. The "closing" of the earlier Acts - that is not allowing them to be ratified or acceded to after a certain event - offered such a possibility because, once closed, the earlier Acts would

73 Ibid.
no longer increase the complexity of the situation.

The principle of the closing of the earlier Acts was provided for also in Article 23 of the Stockholm Act. But, whereas in that Act the event that causes the closing of the earlier Acts is the said Acts' entry into force, in the new Act — according to alternative A — the closing of the earlier Act would have been caused by the acceptance of the new Act by ten (rather than three) countries members of the Union. According to developing countries' proposal this difference seemed to be justified "by the fact that, ... the new Act would enter into force once three countries, whether members or not of the Paris Union, had accepted it. It would seem to be safer not to close the Stockholm Act immediately after the fulfilment of this condition since acceptance by three countries, all of which may have been formerly non-members, does not necessarily imply the likelihood of earlier acceptance by a number of additional countries. On the other hand, once at least ten countries, all members of the Union, accept the new Act, the viability of the latter would be proven and the earlier Acts could, then, be

74 Ibid, p. 103.

75 The draft text of Article 23 reads:

<table>
<thead>
<tr>
<th>Alternative A</th>
<th>Alternative B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once ten instruments of ratification of or accession to this Act have been deposited by ten countries which, on March 4, 1980, were members of the Union, no country may ratify or accede to any of the earlier Acts of this Convention.</td>
<td>After the entry into force of this Act, a country may not accede to earlier Acts of this Convention.</td>
</tr>
</tbody>
</table>

WIPO Doc. PR/DC/3, n. 35, p. 102.
safely closed." On the other hand, the arguments advanced in favour of alternative B by the Group B countries included that it was "desirable that entry into force of the new Act and the closing of earlier Acts should be simultaneous." One of the delegations of this Group (former Federal Republic of Germany) added "that in its view a provision permitting the entry into force of a revised treaty by the accession of non-member countries only was contrary to international law and practice relating to treaties." 78

(iv) Article 24 - Provisions Relating to Territories of Countries Members of the Union

There is also an issue as to the application by countries to territories whose foreign relations are under their control,

76 Ibid, p. 103.
77 Ibid, p. 95.
78 Ibid.
79 Draft Article 24, the text of which provides as under:

**Alternative A**

Since it is proposed to delete Article 24, there is no Article 24 in this Alternative.

**Alternative B**

(1) If a country has two or more territorial units which may have their own rules of law in respect of industrial property, it may declare in its instrument of ratification or accession, or may inform the Director General by written notification any item thereafter, that this Convention shall extend to all its territorial units or only to one or more of them, stating in these latter cases expressly the territorial units to which the Convention shall apply.

(2) Any country which has made such a declaration or given such a notification may, at any time, notify the Director General that this Convention shall cease to be applicable to all or part of such territorial units.

(3) Same as in the present text.

WIPO Doc. PR/DC/3, n.35, p.104.
and the developing countries along with Group D wished to see this Article deleted on the ground that Article 24 of the Stockholm Act is "colonial in its nature and not corresponding to the spirit of the present time." On the other hand Group B countries regarded this Article as "an article of technical practicability and not political."

(v) Article 26 – Denunciation of the Convention

The Stockholm Act could only be denounced after a country had been a member for at least five years. This was to give the country, possibly inexperienced in industrial property, a real chance to make the Convention work. However, as stated by WIPO Director General:

The provision has proved to be superfluous and it may even be regarded by some countries as offensive; the provision has proved to be superfluous since no country has denounced the Stockholm Act, and none is known to have any intention of doing so, although for most of the countries of the Union more than five years have elapsed since their ratification of or accession to that Act... the provision contained an unacceptable restriction on their freedom to decide whether it was in their interest to continue to belong to the Union: if any such country were to find that it was no longer in the national interest to belong to it, it should be possible for it to denounce the Convention immediately and not be forced to wait for the expiration of five years from the date on which it became a member of the Paris Union."84

81 Ibid, p. 105.
82 Alternative B of the Draft, ibid.
83 See n. 45, p. 574.
84 WIPO Doc. PR/DC/3, n. 35, p. 107.
Therefore according to the draft proposal the denunciation was to take effect one year after the day on which the Director General received the notification.

(vi) **Article 27 - Application of the New Act**

It was desired that the new Act should apply as soon as possible. Formal ratification and where necessary the amendment of national laws could have taken a long time. It was therefore provided that any country would declare, before formal entry into force, that it admitted with those countries, with respect to which the Act had entered into force, apply that Act in the relations between that country and such other countries. The effect would have been that the country making the declaration applied the most recent Act by which it was bound while accepting that country already bound by the new Act was to apply it. There was a question outstanding whether such declaration would be made only in respect of developing countries which were bound by the new Act or whether

85 The draft text of Article 26 is as follows:

(1) **Same as in the present text**

(2) Any country may denounce this Act. Such denunciation shall constitute also denunciation of all the earlier Acts of this Convention, if any, by which such country was bound.

(3) Denunciation shall be effected by a notification addressed to the Director General. It shall take effect one year after the day on which the Director General received the notification.

**The Draft does not contain a provision corresponding to paragraph (4) of the present text.**

Ibid, p. 106.
(vii) Article 28 - Settlement of Disputes

The present Stockholm Act provides for the so-called compulsory jurisdiction of the International Court of Justice (ICJ), unless both parties otherwise agree, unless at the time of accession a country declares that it does not consider itself bound by the provision. The same was the position under Alternative A of the proposed Draft. The Group D countries,

86 The draft text of Article 27 provides:
(1) This Act shall apply in the relations between the countries with respect to which it has entered into force. In those relations, it replaces the earlier Acts of this Convention, if any, by which those countries were bound.

(2)(a) Any country of the Union with respect to which this Act has not entered into force may declare that it admits that those countries which are developing countries and with respect to which this Act has entered into force apply this Act in the relations between that country and such other countries. Such declaration shall be made by a notification addressed to the Director General. It shall take effect one month after the day on which the Director General received the notification.

(2)(b) The effect of such a declaration shall be that, in such relations, the country having made the declaration shall apply the most recent of the earlier Acts, or parts thereof, which that country has ratified or acceded to, whereas those countries which are developing countries and with respect to which this Act has entered into force shall apply this Act.

Ibid, pp. 108, 110. For details see pp. 109, 111, 113 and also n. 45, p. 574.

87 The draft text of Article 28 is as follows:

<table>
<thead>
<tr>
<th>Alternative A</th>
<th>Alternative B</th>
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<tbody>
<tr>
<td>&quot;Disputes&quot;</td>
<td>&quot;Settlement of Disputes&quot;</td>
</tr>
<tr>
<td>&quot;Same as in the present text&quot;</td>
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(1) Any dispute regarding the interpretation or application of the present Convention between two or more Parties to the Convention, shall be resolved, upon the request of any of them, by a process of consultation and/or negotiation.

(2) Each country may, at the time of

Contd......
however, had proposed an alternative text which provided for settlement of disputes by consultation and negotiation unless the parties had declared at any time that the dispute may be submitted to the ICJ. The Delegation of Bulgaria (on behalf of Group D), as to alternative B "pointed out that the proposal reproduced mutatis mutandis the text of Articles 41, 43, 44 and 45 of the Vienna Convention on Succession of States in Respect of Treaties, adopted on August 23, 1978." That Convention took a ____________________

Contd....

signature or ratification of the present Convention or accession thereto or at any time thereafter, by notification to the depositary, declare that, where a dispute has not been resolved by the application of the procedures referred to in the present article, that dispute may be submitted for a decision to the International Court of Justice by a written application of any party to the dispute, or in the alternative to arbitration, provided that the other party to the dispute has made a like declaration.

(3) Notwithstanding the above mentioned provisions, if a dispute regarding the interpretation or application of the present Convention arises between two or more Parties to the Convention, they may by common consent agree to submit it to the International Court of Justice, or to arbitration, or to any other appropriate procedure for the settlement of disputes.

(4) Nothing in this article shall affect the rights or obligations of the Parties to the present Convention under any provision in force binding them with regard to the settlement of disputes.


88. Ibid, p. 115.
step forward as compared with the Vienna Convention on the Law of Treaties.

The Group B countries on the other hand considered that the present Article 28 encouraged states to submit to jurisdiction of the International Court of Justice and was particularly of advantage to nationals of developing countries."

Various Sessions of the Diplomatic Conference on the Revision of Paris Convention

At the first session of the Diplomatic Conference held in Geneva from 4 February to 4 March 1980 only a few matters of substance were dealt with since the Conference initially ran into some difficulties in approving the rules of procedure according to which the Conference would have to function. Concerning the matters of substance contained in the basic proposals, in the first session of the Conference, Articles

89 The main difference between the two alternatives is that in Alternative A, the jurisdiction of the ICJ is compulsory except for those countries which use the faculty of reservation provided for in paragraph (2) of that Alternative, whereas, in Alternative B, the jurisdiction of the ICJ is compulsory only for those countries which, at the time of their signature of, ratification of or accession to the new Act or at any time thereafter make the declaration, referred to in paragraph (2) of that Alternative, and only vis-a-vis those countries which have made a like declaration. Ibid, p. 115.

The second session of the Diplomatic Conference on the Revision of the Paris Convention took place in Nairobi (Kenya) from 28 September to 24 October 1981 and dealt mainly with Article 5A of the Convention. After prolonged debates a new text of Article 5A was provisionally agreed upon by the Group of developing countries, the majority of Group B industrialised countries, and Group D socialist countries. The United States opposed some of the provisions contained in the said text of the Article. In addition to Article 5A, Article 1 was also

91 WIPO National Workshop on Intellectual Property Teaching, n. 46, p. 35.

92 The United States opposition was with regard to exclusive licences as contained in accepted paragraph (8) (a bis), the text of which was as follows:

However, a non-voluntary licence may be exclusive for a period up to... years in the case where it is determined by the national authority, competent to grant non-voluntary licenses, that there are circumstances constituting abuse of the patent rights and that the non-working or insufficient working is one of the constituent elements of the abuse, subject to the condition that the patent may not be forfeited or revoked for non-working or insufficient working for a further period of... years after the expiration of the exclusive license.

This text was quoted in statements of Mr. Braendli (Switzerland) and Mr. Vanderpuya (Ghana) at the Sixteenth and Fifteenth Meeting, respectively, of Main Committee I held on 23 October 1981. See WIPO Doc. RT/SM/6, n. 20, p. 92 and 91 respectively.

The objection was stated by the United States Delegation in the following words:

A patent right is the right to exclude others from using an invention. A right to use one's own invention is an individual right, recognised
discussed in a number of meetings of the Main Committee without however reaching a conclusion.

The Diplomatic Conference held its third session in Geneva from 4 to 30 October 1982, and from 23 to 27 November 1982. During that session the competent Main Committee adopted the proposal to extend the protection provided for by Article 6 ter to official names of states which are countries of the union. Moreover, in-depth discussions took place within this Committee.

(contd...)

world-wide. An exclusive license, non-voluntary, under an inventor's patent, deprives the inventor of his individual right. It is confiscation of private property, unrelated to the patent. The patent is the right to exclude others. The right to use one's own invention is a separate property right and in reference with that right in the Paris Union, it is something that is out of Union, it is something that is out of place.

In the text...
there is reference to circumstances constituting abuse of the patent right. What abuse could possibly be so terrible that it warrants depriving an individual of his right to use his own property?...
Any inventor who wants to use the invention is unlikely to apply for a patent in a country which is going to prohibit him from using it. May be his use would be an abuse.... This Delegation repeats its objection; it will not be a party to any treaty which deprives an individual of his right to use his own invention.

See statement of Mr. Schuyler (United States) at the Sixteenth Meeting of Main Committee I, held on 23 October 1981. See PR/SM/6, ibid, pp. 93-94.

WIPO, Final Summary Minutes of the Meetings of Main Committee II and III held during the Second Session of the Diplomatic Conference on the Revision of the Paris Convention, Nairobi, 28 September to 24 October 1981, PR/SM/6 Add., 23 December 1983, pp. 4-56.
and a Working Group created by it on Article 10 quater, which dealt with the question of conflict between an appellation of origin and a trademark. Negotiations on Article 5A continued, however, not in the competent Main Committee but in an informal body. As far as Article 1 was concerned, several proposals were submitted to the Main Committee and were carefully examined. However no decision was taken on this question.

At the fourth session of the Conference which was held in Geneva from 27 February to 24 March 1984, the countries of Group B submitted a proposal in respect of Article 10 quater which was the subject of intensive discussion. Following deliberations within a working group, the competent Main Committee pursued its debates on Article 5A. Certain ideas were put forward by the Group of Developing Countries but no agreement could be reached. As regards Article 1, the Main Committee discussed two new documents containing proposals concerning the definition of patents and of inventors' certificates.

At the close of its fourth session, the Conference adopted a resolution recommending the Assembly of the Paris Union for the Protection of Industrial Property to convene a Diplomatic

94 For details see WIPO, Final Summary Minutes of the Meetings of the Plenary and of Main Committee I held during the Third Session of the Diplomatic Conference on the Revision of the Paris Convention, Geneva, 4 to 30 October 1982 and 23 to 27 November 1982, PR/SM/9, 20 February 1984, pp. 4-57.

95 For details see WIPO, Final Summary Minutes of the Fourth Session of the Diplomatic Conference on the Revision of the Paris Convention, Geneva, 27 February to 24 March 1984, PR/SM/12, 31 May 1985, pp. 6-146.
Conference for what would be its fifth session as soon as it saw prospects of positive results. In that resolution, the countries participating in the Conference asked that the Assembly of the Paris Union be convened in extraordinary session in September 1984 to consider the setting up of a machinery for consultation designed to prepare, on substance, the next session of the Diplomatic Conference. Accordingly, an extraordinary session was held by the Assembly of the Paris Union from 24-28 September 1984, in order to set up a machinery for consultation designed to prepare, on substance, the next session of the Conference. The Assembly decided that the said machinery would consist of Consultative Meetings of upto ten representatives of States, including the spokesman, for each group of countries, plus China. Six Consultative Meetings were held from June 1985 to September 1989, which are mentioned below:

At the First Consultative Meeting which took place from 24-28 June 1985, only Article 5A of the Paris Convention was dealt with. Representatives from each of the three groups reiterated their positions vis-a-vis the provisions which should be included in that Article, explaining the principles that supported each of their proposals. No agreement, however, was reached during that meeting in respect of Article 5A.

96 For details of the fifth session of the Diplomatic Conference, see Doc. WIPO/IP/DEL/91/4 bis, n. 46, pp. 36-38.
97 Ibid, p. 37.
The Second Consultative Meeting which was held from 26 January to 3 February 1987 dealt with Articles 1, 5A and 5 quater. The discussion on Article 1 focussed on the introduction in the text of the Paris Convention of inventors' (or invention) certificates, as a title for the protection of inventions, on an equal footing with patents. No agreement was reached in this respect. The discussions on Articles 5A and 5 quater were marked by the submission, by the Group of Developing Countries, of four new ideas aimed at breaking the deadlock which had so far prevented any progress regarding these Articles. One of the ideas submitted was that the notion of exclusivity in an exclusive non-voluntary licence would be interpreted as meaning a "simple" or "relative" exclusivity (not an absolute exclusivity), with the consequence that the patent owner would be allowed to work the patent, if he so wished, parallel to the exclusive non-voluntary licencee. The other ideas referred to the deletion of certain parts of the proposed text of Article 5A, as well as the deletion of Article 5 quater.98

The four ideas submitted by the Group of Developing Countries at the Second Consultative Meeting were discussed in further detail at the Third Consultative Meeting which took place from 18-26 May 1987. Group B raised several specific questions aimed at clarifying the scope and meaning of these ideas. It was noted, however, that further study was needed before a decision could be taken in respect of Article 5A. The meeting

98 Ibid.
also discussed Articles 10 quater, A and B. These are all new Articles containing provisions for preferential treatment (i.e. without reciprocity) to developing countries. Group B referred to some of the problems which would be posed by the inclusion of these new articles in the Paris Convention, and it was found that further discussions would still be needed on these provisions.

At the Fourth Consultative Meeting from 14-22 September 1987, the discussions focussed on Article 1, and, in particular, on the new proposals submitted by Group D. As with previous proposals on Article 1, the new proposals sought to include in the Paris Convention provisions on inventors’ certificates. However, the issue of free choice for the inventor as regards the form of protection for his invention (i.e. either a patent or an inventor’s certificate) was not solved, and no agreement was reached on the definitions which should be included in Article 1 for “patent” and “inventor’s certificate.”

Articles 1, 5A, 5 quater and briefly, 10 quater were dealt with at the Fifth Consultative Meeting which took place from 11-23 September 1988. Discussions on Article 5A were based on a proposal for this article presented by the Group of Developing Countries, reflecting the ideas expressed on

99 Ibid.
100 Ibid.
this matter by that Group at previous Consultative Meetings. That proposal included special provisions allowing developing countries to grant non-voluntary licences or grounds of non-working of the patented invention after 30 months from the grant of a patent, to grant relatively exclusive non-voluntary licences in case of abuse of patent rights, and to revoke a patent if after five years from grant it had not been worked in the country. The question of whether it was desired to give developing countries greater freedom under the Paris Convention to legislate on the measures which may be taken for failure to work an invention was also raised. Group B, while appreciating the new proposals submitted by the Group of developing countries, did not express a final position, pending consultations with their governments and private circles. Discussions on Article 5 quater were based on the proposal of the Group of Developing Countries that such article be deleted from the Convention, and on a new proposal put forth by Group D. With respect to Article 1, Group D presented a new proposal, which superseded the one they had presented at the Fourth Consultative Meeting. In respect of Article 10 quater, the groups of countries merely recalled their position on this article, which deals with geographical names and their protection, without reaching any conclusions.

In its session of September/October 1989, the Assembly of the Paris Union considered a recommendation made to it by the Sixth Consultative Meeting (from 18-22 September 1989) and adopted a resolution in which it decided that the preparation for the conclusion of the Diplomatic Conference on the Revision of the Paris Convention will be pursued with the aim that the Diplomatic Conference of revision should take place in the biennium 1990-91; invited the Director General of WIPO to prepare new proposals for amending the articles of the Paris Convention which are under consideration for revision, decided that it would meet in extraordinary session in January 1991 to fix the further procedural steps and to take cognizance of the aforementioned proposals of the Director General, that session being preceded by meetings of countries members of the Paris Union for an exchange of views on the said proposals; and decided that amongst the procedural steps there will be at least one preparatory meeting in the first half of 1991 to consider the proposals of the Director General.

The Assembly of the Paris Union adopted unanimously the following decision at its extraordinary session on 30 April 1991:

102 Ibid.

1. The Assembly of the Paris Union, meeting at the request of some members of the Paris Union in extraordinary session in Geneva on April 29 and 30, 1991, decided that the Diplomatic Conference for the Conclusion of a Treaty Supplementing the Paris Convention as far as Patents are concerned will be in two parts.

2. The first part of the Diplomatic Conference will be held in The Hague from June 3 to 21, 1991. It will discuss articles of the Basic Proposal.

3. The date of the second part of the Diplomatic Conference may be recommended by the Diplomatic Conference in its first part and will be considered by the September 1991 ordinary session of the Assembly of the Paris Union. It is hoped that the second part will take place towards the middle of 1992.

It was understood that the final decisions on all articles would be made in the second part of the Diplomatic Conference. As regards the consideration of the matter of 3-21 June timing of the Diplomatic Conference, some member states of the Paris Convention had suggested to WIPO that holding the Conference in June was premature but it had just been

104 There were three main reasons that militated in favour of postponing the Diplomatic Conference. There were other fora in which negotiations were going on that had to do with patent law: the June date had been chosen because it had been expected that those negotiations would be finished; the very important question of the first-to-file system as compared with the first-to-invent system and also the very important question of the grace period continued to be a source of discussion within individual countries, the time was therefore not ripe for the Diplomatic Conference; a balanced solution had to be found before the Diplomatic Conference took place; one should avoid the risk of reducing the Diplomatic Conference to the task of merely settling a few practical problems and leaving major substantive questions to other organizations — political wisdom dictated that one should avoid the risk of the Diplomatic Conference failing, the international reputation of WIPO needed to be preserved. See Delegation of France, on behalf of the Club of Munich comprising 14 member countries of the European Patent Organisation supported by Delegations of Spain, Germany. See ibid, pp. 2-3; 3-4; 4 respectively.
decided that the conference should be held in two parts with the first part in The Hague lasting only until 21 June. However, according to Delegation of the United Republic of Tanzania, speaking on behalf of the Group of Developing Countries, "the proper consideration of matters required time for adequate preparation and analysis in its view, the dates fixed for the Diplomatic Conference had provided such time. It specifically underlined that the processes underway within the competence of the Paris Union and under the jurisdiction of WIPO were independent of what may or may not happen in other fora which had been alluded to in the course of interventions by some participants." 105

The procedure was, however, reviewed in September/October 1991 session, when the Assembly of the Paris Union decided that the question of the revision of the Paris Convention should be placed on the agenda of the Assembly once the outcome and acceptance of the results of the Uruguay Round of GATT in respect of intellectual property and of the Diplomatic Conference for the Conclusion of a Treaty Supplementing the Paris Convention as far as Patents are concerned ("the Patent Law Treaty") are known.

The first part of the WIPO-Diplomatic Conference for the Conclusion of a Treaty Supplementing the Paris Convention was

105 Ibid, p. 5.
held in The Hague from 3-21 June 1991. The basis for consideration at the Diplomatic Conference were the articles of a Draft of the "Basic Proposal" for the Treaty and the Regulations which had been issued by the WIPO's Director General on 21 December 1990, after eight meetings of the Committee of Experts. The Draft PLT is comprised of a Preamble and 39 Articles dealing with disclosure (Article 3) claims (Article 4) unity of invention (Article 5), identification and mention of inventor: declaration concerning the entitlement of the applicant (Article 6), related claiming of priority (Article 7), filing date (Article 8); right to a patent (Article 9), fields of technology (Article 10), conditions of patentability (Article 11), disclosure not affecting patentability (grace period) (Article 12), prior art effect of certain applications (Article 13), time limits for search and substantive examination (Article 16), administrative revocation (Article 18), rights conferred by the patent (Article 19), rights of prior user and successor in title of the prior user (Article 20), extent of protection and interpretation of claims (Article 21), term of patents (Article 22), enforcement of rights (Article 23), burden of proof (Article 24), obligation of the right holder (Article 25), remedial measures under national legislation (Article 26), settlement of disputes (Article 30), revision of

107 For the text see WIPO, Diplomatic Conference for the Conclusion of a Treaty Supplementing the Paris Convention as far as Patents are Concerned, The Hague, 3 to 28 June 1991, PLT/DC/3, 21 December 1990, pp. 1-77 (for PLT) and pp. 79-98 (for draft Regulations under the treaty).
the treaty (Article 31), protocols (Article 32), becoming party to the treaty (Article 33), effective date of ratifications and accessions (Article 34), reservations (Article 35), special notifications (Article 36), denunciation of the treaty (Article 37), languages of the treaty: signature (Article 38) and depositary (Article 39). The draft Regulations under this treaty provide 13 rules concerning:

i) matters which this treaty expressly provides are to be prescribed;

ii) any details useful in the implementation of the provisions of this treaty;

iii) any administrative requirements, matters or procedures. 108

Regulations may be amended by the Assembly and shall determine the conditions for the entry into force of each amendment. Such amendment shall require three-fourths of the votes cast. The Regulations may specify rules which may be amended only by unanimous consent. Exclusion, for the future of any rule designated as requiring unanimous consent for amendment from such requirement shall require unanimous consent. Inclusion for the future of the requirement of unanimous consent for the amendment of any rule shall require unanimous consent.

108 Article 29 (1) of the draft PLT.
109 Article 29(2) (a) and (b), ibid.
consent. In the case of conflict between the provisions of this treaty and those of the Regulations, the former shall prevail. A description of the provisions of the draft PLT is given below in the light of the discussions at the so-called Conference in The Hague on the harmonisation of patent laws.

It needs to be mentioned at the outset that the Conference was represented by 87 national and over 50 observer delegations. Of the 67 amendment proposals put forth to the Conference, only very few found their way into the text of the treaty in so far as they went beyond textual clarification. Articles 10, 19, 22, 26 and 35, the so-called "political clauses" were a matter of dispute in particular between the developing countries and Group B concerning which it was agreed at the Conference that only general statements would be made on the subject, and that meanwhile the results of the GATT negotiations were to be awaited, where the same Articles were being dealt with. The issue of whether the right to a patent should belong to the

110 Article 29(3). Amendment of Rule 2(1(vi) or Rule 3(3) of these Regulations shall require that no Contracting Party having the right to vote in the Assembly vote against the proposed amendment. These Rules deal with contents and order of description (Rule 2) and Form of claim [Rule 3(3)]. See Rule 12 of the draft Regulations.

111 Article 29(4) of the draft PLT.


113 Ibid.
first to file or the first to invent lies at the heart of a patent system and the differences in this regard can create confusion with respect to the acquisition of rights. The United States proposal that the treaty should give a country option to award patents on the first to invent rather than first to file indicated the amendment of certain provisions of the draft PLT so as to avoid causing harm to the WIPO effort to harmonise patent laws. Moreover, this proposal which had been caused by internal difficulties in that country concerning the first to file system, had been examined with German interested circles. It appeared that a reasonable accommodation of the said proposal might be possible if certain discriminatory provisions of the United States patent law were abolished. At the same time the proposal of the United States had caused adverse effects on the consensus between European States with respect to grace period, a matter which in Germany was considered to be very important. The text of Article 9 of the draft PLT is reproduced below:

Right to a Patent

(1) [Right of Inventor] The right to a patent shall belong to the inventor. Any contracting Party shall be free to determine the circumstances under which the right to the patent shall belong to the employer of the inventor or to the person who commissioned the work of the inventor which resulted in the invention.

114 Doc. PLT/DC/6 quoted in WIPO Doc. P/A/XVII/2, n. 103, p. 4.

115 Delegation of Germany, P/A/XVII/2, ibid.
Where two or more inventors independently have made the same invention, the right to a patent for that invention shall belong -

(i) where, only one application is filed in respect of that invention, to the applicant, as long as the application is not withdrawn or abandoned, is not considered withdrawn or abandoned, or is not rejected, or

(ii) where two or more applications are filed in respect of that invention, to the applicant whose application has the earliest filing date or, where priority is claimed, the earliest priority date, as long as the said application is not withdrawn or abandoned, is not considered withdrawn or abandoned, or is not rejected.116

The option for the first to invent principle was rejected from the outset of the Conference. It was not even put on the agenda in view of the fact that it did not get the support of a single delegation. There being a unanimous opinion that the first to file principle was an essential part of the harmonisation efforts and that at the most a transitional period might be conceivable.

The relevant provision concerning grace period is contained in Article 12 of the draft PLT which as such speaks for the circumstances of disclosure not affecting patentability. The provision says that disclosure of information which otherwise would affect the patentability of an invention claimed in the application shall not affect patentability of that invention where the information was disclosed, during the 12 months

116 Reproduced from WIPO Doc. PLT/DC/3, n. 107, p. 18.
117 Pagenberg, n. 112, p. 682.
preceding the filing date or, where priority is claimed, the priority date of the application, (i) by the inventor, (ii) by an office and the information was contained (a) in another application filed by the inventor and should not have been disclosed by the office, or (b) in an application filed without the knowledge or consent of the inventor by a third party which obtained the information direct or indirectly from the inventor, or (iii) by a third party which obtained the information direct or indirectly from the inventor. For the purposes of paragraph (1) under Article 12(2) "inventor also means any person who, at the filing date of the application, had the right to the patent."

There is no time limit for invoking grace period as under paragraph (3) of Article 12, the effects of paragraph (i) may be invoked at any time. According to Article 12(4) which deals with evidence, it is stated that where the applicability of paragraph (1) is contested, the party invoking the effects of that paragraph shall have the burden of proving, or of making the conclusion likely, that the conditions of that paragraph are fulfilled. The grace period which was in fact the starting point for the harmonisation efforts, its relationship to the prior use right of Article 20 was a subject of discussion at the Diplomatic Conference. Article 20 of the draft

118 See WIPO Doc. PLT/DC/3, n. 107, pp. 22-23.
PLT is as follows:

Prior User

(1) [Right of Prior User]

Alternative A

Any Contracting Party may provide

that, notwithstanding Article 19. 119

a patent shall have no effect against any person

(herinafter referred to as "the prior user") who,

in good faith, for the purposes of his enterprise

or business before the filing date or, where priority

is claimed, the priority date of the application on

which the patent is granted, and within the territory

where the patent produces its effect, was using the

invention or was making effective and serious preparations

for such use; any such person shall have the right, for

the purpose of this enterprise or business, to continue

such use or to use the invention as envisaged in such

preparations.

(2) [Successor of the Prior User] The right of the prior

user may only be transferred or devolve together with his

enterprise or business, or with that part of his enterprise

or business in which the use or preparations for use have

been made. 120

At the Conference, it was still a matter of dispute whether
the right of prior user should be introduced on a compulsory
basis, a suggestion supported by a great majority, or whether

119 Under Article 19 dealing with rights conferred by the patent,
one finds three alternative proposals. As per Alternative A,
there should be no provision on the rights conferred by
the patent. Alternative B puts forth detailed rights
relating to products processes, their exceptions,
contributory infringement. Alternative C is almost
similar to proposal B alternative with the difference of
absence of the aspect of contributory infringement. For
detailed proposed alternatives, see ibid, pp. 35-40.

120 Reproduced from WIPO Doc. PLT/DC/3, n. 107, p. 41.
an option should apply to the treaty text. In view of the fact that if a prior use right is not introduced, this rather improves the position of foreign patent applicants, there is actually no need for a solution on a mandatory basis. In this regard only the problem of the relationship to the grace period remains. A suggestion made by Switzerland met with a broad consensus concerning this aspect, according to which, the right of prior user would continue to exist even if the prior user derived the information from the later patent holder within the grace period, if such derivation occurred in good faith.

The proposed Article 7 of the draft PLT, on belated claiming of priority covers two situations of (1) delayed submission of priority claim and (2) delayed filing of the subsequent application. Under the former where the application ("the subsequent application") could have claimed the priority of an earlier application but, when filed, did not contain such priority claim, the applicant shall have the right to claim such priority in a separate declaration submitted to the office within a period to be fixed by the Contracting Party which shall be at least two months from the date on which a period of 12 months from the filing date of the earlier application expired. As regards the delayed filing of the subsequent application, it is provided in paragraph 2 that where the application ("the subsequent application") which claims or

121 Pagenberg, n. 112, p. 684.
could have claimed the priority of an earlier application is filed after the date on which a period of 12 months from the filing date of the earlier application expired but before the expiration of a period of two months from the date on which that 12-month period expired, the office shall restore the right of priority upon an express request submitted to the office before the expiration of the said two-month period, if the request states and the office finds that, in spite of all due care required by the circumstances, the subsequent application could not have been filed within the said 12-month period. The request for restoration shall state the grounds on which it is based, and the office may require the production of corresponding evidence. It needs to be mentioned that the focus of discussions at the Conference also revolved around the possibility of reinstatement or restoration as covered under Article 7(2). It was argued by many delegations that restoration would mean an extension of the priority term, which would be a violation of the Paris Convention.

The two other provisions which became controversial issues especially between the United States and German interested circles, included publication of application after 18 months under Article 15 and time limits for search and

122 For text, see WIPO, Doc. PLT/DC/3, n. 107, p. 12.
123 Pagenberg, n. 112, pp. 682-3.
124 For the text, see WIPO Doc. PLT/DC/3, n. 107, pp. 27-28.
Concerning the former the United States being opposed to the publication before the grant of a patent had demanded an option for a 24-month period for those states which presently do not have automatic publication. As German interested circles were in favour of an extension to 24 months - the advantages being a discontinuation of double publication and the possibility of withdrawing the application in the case of a negative substantive examination result - the representatives of German private circles submitted a motion requesting that the option of a 24-month term be left open for all the Conference countries in order not to forestall such a development. As per Article 16(2)(a) of the draft PLT, if a Contracting Party provides for substantive examination, its office shall start the substantive examination of the application not later than three years from the filing date of the application. For Germany, it means abandoning the deferred examination, an instrument favoured in particular by national applicants. As the purpose of this provision was to speed up the substantive examination procedure as such, in the opinion of many observers of the circles involved it is not necessary to prevent countries with deferred examination from retaining

125 For the text, see ibid, pp. 29-30.
126 Pagenberg, n. 112, p. 683.
127 Ibid.
this system. It would be possible to use the same justification in order to force those countries that do not provide for any substantive examination at all to introduce the examination system. The German Government delegation put forward a motion for deletion of Article 16, which however, also did not receive a majority vote.

As has been stated a majority vote of the acceleration which was demanded by the United States was to improve the assertion of protection in Japan; where approximately 2.5 million applications lie unexamined at the Patent Office. However, for this purpose it is sufficient to guarantee a short period of substantive examination calculated from the date of the examination request as opposed to the filing date, so that every person filing an application can decide when to submit application for substantive examination. Until the time of the substantive examination application the situation for third parties as regards unexamined applications does not differ from that in a country without examination, where mere registration does not determine the validity of the relevant patent. Therefore, Article 16(2)(a) should be rephrased in order to separate the substantive examination duration from deferred examination; it should be rephrased.

128 Ibid.
131 Ibid.
understood especially by the countries without an examination procedure - of which the majority had voted in favour of abolishing deferred examination - that this request has nothing to do with harmonisation and is inappropriate as long as not all the countries worldwide offer a system of substantive examination, which nobody seriously wishes to request.

The other Articles of the draft PLT were not subjected to any fundamental changes at the Conference.

SUMMATION

It is evident from the foregoing discussion that the domestic patenting activities in developing countries are strongly influenced by multinational corporations which account for a lion's share in filed patents. This has in turn limited the usefulness of domestic patenting as an indicator of indigenous innovative activities of developing countries whose residents comparatively have a very small number of patents (not more than one percent in patent holding) in external patenting. The discussion has also focussed on the increased awareness on the part of the developing countries that the international patent system in its evolving form - the Paris Convention and the TRIPS Agreement - does not represent an equitable balance between the rights of the patent holder and the public interest of the country granting the patent. The concentration of patents in the hands of large and powerful
multinational corporations has affected their overall development. The various factors/reasons/practices held responsible for this include the practice of cross licensing of patents or patent pooling — whereby patent-holders mostly corporations pool together their patents for competitive products and through express agreements reshuffle their monopoly privileges in order to divide world markets between themselves and avoid competition; production or importation only by the patent-holder of the patented products in the country granting the patent; taking of patents not in the interest of the economy of the patent granting country or with a view to manufacture them, but their main object being to protect an export market from competition from manufactures particularly those in other parts of the world; non-exploitation of patents in developing countries constitute a block to technology transfer and foreign investment and also hinder possibilities for domestic research activities; and clauses in contracts for potential licensing and sale of technology put restrictions on the licensee's business practices.

The discussion has also shown that the main weakness of the Paris Convention lies in its being strong on the rights of patent holders but very weak in stipulating their obligations. There is little recognition of the public interest that is expected to be served by the system of patents. This is evident from the absence of a preamble to the Convention or an express statement regarding objectives therein which means that the
Convention does not contain any general commitment to the public interest or to the economic development of the poor countries. Moreover, it contains few remedial measures to deal with the abuses of the patent system. Therefore, in the early sixties a demand for a "new patent order" had been made by the developing countries so as to change the negative impact of the major provisions of the Paris Convention on its economic growth.

Actual negotiations on the revision of the Paris Convention with the particular aim of meeting the needs of the developing countries started within WIPO. The basis of discussion at the WIPO Diplomatic Conference called between 1980-84 were the drafts adopted and/or forwarded by the Preparatory Intergovernmental Committee popularly known as the "Basic Proposals" which contained amendments to provisions existing in the Stockholm Act of the Paris Convention. There was discussion of a few matters of substance and adoption of Articles 12 bis, 12 ter and 13(2)(a)(xiv) at the first session of the Conference. Matters discussed at the second session were mainly Article 5A and also Article 1 but the Conference failed to reach any conclusion. Third session of the Conference adopted Article 6 ter. It also discussed Articles 5A and 10 quater and created a working group on the latter. It even failed to reach a conclusion on Article 1. Article 10 quater was the matter of discussion at the fourth session of the
Conference. There was also pursual of debates on Article 5A. During this session a resolution was adopted recommending Assembly of the Paris Union to convene fifth session as soon as it saw prospects of positive results.

The four different sessions of the Diplomatic Conference however failed to achieve positive results. With the purpose of preparing for the next session of the Conference a machinery consisting of six consultative meetings of up to ten representatives of states including the spokesman for each group of countries were held from June 1985 to September 1989. No agreement could be reached in this direction. Then came the new proposals of WIPO Director General for amending the Articles of the Paris Convention. This is known as the Basic Proposal for the Conclusion of a Treaty Supplementing the Paris Convention as far as Patents are concerning (Patent Law Treaty) and formed the basis of discussion at the WIPO Diplomatic Conference for the Conclusion of a PLT or the so-called Harmonisation Treaty held at the Hague from 3-21 June 1991. This Basic Proposal is more in tune with TRIPS Agreement changing the course of the debate from the revision of the Paris Convention to that of harmonisation of patent laws.

The emphasis on importance of the harmonisation of patent laws can be seen in the background of the growing international trade in goods embodying LHRs and the increasing international transfer of technology. Moreover, the need for harmonisation of patent laws has increased due to significant differences in
patent laws from country to country. Therefore, the desirability of adoption of a PLT that harmonises a grand package of patent law provisions on the term of the patent, whether the right to a patent should belong to the first-to-file or the first-to-invent and effects of patent right.

Major provisions of the draft Harmonisation treaty being to the tune of the developed market economy countries, it becomes necessary to give due regard to the special problems of developing countries and the way research and development is increasing. Thus provision needs to be made to avoid harmonisation changes readily acceptable to developed countries being required for developing countries too soon. Moreover, in the interest of harmonisation, the patent laws of the United States should clearly be brought into line with nearly every other country in the world by their changing from first-to-invent to first-to-file. In practical terms, however, harmonisation for all countries may not be possible. At the same time if a country cannot accept complete harmonisation in one or more aspects of its patent law, that country should be able to retain its current law by a reservation as provided under proposed alternative B of Article 35 which permits of making only those reservations as are allowed under paragraph 2 to 5 and thus there can be reservations with respect to fields of technology, certain rights conferred by process patents, term of patents and reversal of burden of proof. Thus the problems with items like the United States desire to stay with first-to-invent (Article 9), the developing countries wish to have exclusions on
what can be patented (Article 10), the developing countries' freedom to have life of patents according to their economic and development needs (Article 22), and their wish not to reverse the burden of proof (Article 24), the European countries' reluctance to adopt a grace period (Article 12), can be dealt with by reservations under Article 35. However, it needs to be mentioned that in case of developing countries or inter-governmental organisation all the members of which are developing countries, declarations of reservations made under Article 35(2(a) "shall lose their effect at the end of fifteenth calendar year after the year in which the Treaty has been adopted". This seems to be a sort of concession to developing countries.

As regards the United States stand concerning first-to-file and European countries position not to have a grace period which were originally intended to be linked, the solution can be by providing that when the former adopts first-to-file, the European countries would accept the grace period. At the same time there is a need to remove any discriminatory aspects from the treaty, for example, it should be specifically stipulated in the treaty that while determining who made the invention first in a first to invent country, inventive acts anywhere in the world should be taken into consideration.

The next chapter has been devoted entirely to an analysis of the substantive provisions of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations which form part of the controversial issues between the industrialised and developing countries.