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# EXCO MEETING

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CAPE TOWN, 13-17 MARCH 2011

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## WORKING DOCUMENT

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TITLE: Report on 15th session of WIPO Standing Committee on the law of Patents, SCP, Geneva, 11-15 Oct. 2010

DRAWN UP BY: Jan Modin

TABLED TO: All attendees

PURPOSE: For information

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### DETAILED REPORT

*(the report below is by no means complete – a comprehensive report will be made by the Secretariate of the International Bureau and will be posted on the WIPO website in due course, as usual)*

#### Opening of the session

Mr Maximiliano SANTA CRUZ, Chile, and the Director General of WIPO, Mr Francis Gurry, welcomed the participants. There were a large number of government delegations and observers. Mr Santa Cruz was elected chair. The agenda was adopted.

#### Opening statements of regional and group representatives

The Development Agenda Group (through Brazil), the African Group (through Angola) the central European and Baltic states (through Slovenia), the European Union (through Belgium), and some other groups made very general, diplomatic statements to the effect that the work of the Committee is valuable and should be carried on.

#### Presentation of study made on Exclusions, Limitations and Exceptions

A comprehensive study had been made by a number of academic experts representing

different geographical regions and fields of technologies, and was now presented by Professor Lionel Bentley (Cambridge University, UK), who had coordinated the study and the report. He outlined the main features of the study. His main theme was that there has been a tendency in patent systems to move away from exclusions and to rather introduce exceptions of the rights conferred to the patentee. One reason for this is that exceptions can be more easily adapted to the needs of each jurisdiction.

#### WIPO Report on the International Patent System (continuous updating)

Continuously, there are additional changes notified, and these changes are incorporated into the document.

#### Opening Statements by national delegations and observers

Brazil suggested that there should be informal meetings between the plenary sessions. Then, it would be possible to informally discuss the non-exhaustive list of topics to be dealt with by the committee, and future work for the committee. This suggestion was supported by Chile, Ecuador, Venezuela, Iran, South Africa, Bolivia, India



and Egypt, along with various diplomatic statements.

Switzerland congratulated the Chair and thanked the Secretariate for the extensive preparatory work. It is positive to retain the issue of client- patent advisor- privilege. It was concerned about the proposed coordination with CDIP issues (development agenda).

Surprisingly, there were no other statements made. The US, CA, AU, JP and KR and other major countries were all silent. There followed statements by some of the NGOs:

ICC (Ivan Hjertman) made a long statement on many aspects of patent law and the importance of the patent system to the business community.

AIPPI (Michael Dowling) spoke on Client - Patent Advisor -Privilege. The SCP has made progress in studying the issue, but the project is now at a stand-still. SCP should now deal with remedies. He also commented on the fact that, at the last session of the committee, the substantive issues were covered in three days, whereas the next two days were spent on informal discussions of the agenda, and these discussions were of course not open to observers. The delegations who do not support further work on the issue of privilege, are in fact acting against their own law. He referred to the recent AIPPI resolution passed last week at the AIPPI World Congress in Paris, copies of which were circulated.

ITSSD spoke on various economic issues, in relation to the study on exclusions and exceptions, in particular on market failure and the role of governments.

CEIPI (Mr Churchod) stated very briefly that it supports AIPPI.

GRUR: The privilege issue should be retained on the agenda. There should be an international, legally binding instrument. All member countries should recognize this. He also made a long historic exposé.

(end of first day, 11 October – the session was resumed the following day, 12 October)

Uruguay and Burkina Faso made some additional very general statements of a diplomatic character.

KEI (Knowledge Ecology International, Inc): Compulsory Licenses have been granted frequently in the US during recent years. KEI is reviewing this issue.

TWN (Third World Network), aligning largely with the Development Agenda Group, made a long statement which was critical to WIPO, emphasizing that there is an urgent need for developing countries to be given more flexibilities in order to achieve their goals.

APAA stated that it is a diverse but not a large organization. It had only looked at the issue of Client - Patent Advisor - Privilege, which it regard as very important.

FGV (Brazil): spoke on the issue of exclusions, exceptions and limitations.

**FICPI** made the following statement:

*Our federation consists of IP advisors in private practice, all over the world. We still hope that, in due course, discussions will be resumed on substantive patent law harmonization which would be good for the public at large and the active and passive users of the patent system.*

*As regards the topics on the agenda this week, these are all worth serious considerations, but we are particularly concerned with the privilege issue.*

*In their daily work, our members give advice on strategy and on issues of infringement and validity of IP rights, so the matter of legal professional privilege is very important to our members. They are active in more than 80 countries, including industrial countries as well as developing countries, such as Brazil, Colombia, Peru, South Africa, India, and others. Accordingly, our clients reside not only in rich countries, but many of them in relatively poor countries. There, the advisors –our members - are often patent agents, trademark advisors or non-lawyer professionals who advise the local individuals and small companies in IP matters.*

*Therefore, this is not a rich country issue but an issue which is important in developing countries as well. In the past, we have discussed these matters and passed resolutions in 2000 and 2003 and most recently last year in Washington D.C, where FICPI urged appropriate authorities in countries or regions or at an international level to adopt measures or recommendations:*



*(1) which will provide legal professional privilege in relation to communications between a client and a registered or accredited IP Advisor, whether the IP Advisor is in the same or a different country or region as the client and regardless of the jurisdiction of the litigation;*

*(2) which will further provide that all countries or regions will recognize such legal professional privilege in other countries and regions, and*

*(3) which will further provide legal professional privilege in relation to communications of IP Advisors in different countries or regions in relation to any client intellectual property matter in any one or more of their countries.*

*Also, of course, we support the resolution passed last week by AIPPI at their congress in Paris, concerning studies to identify appropriate remedies, and we also support the statement made by APAA .*

**ITSSD: we have to correct some of the statements made by KEI. CDIP is the preferred venue for dealing with capacity building (which was suggested in the Brazil proposal at the last session).**

The committee then went on with the various agenda items:

### **Standards and Patents (SCP/13/2)**

Belgium (on behalf of EU), Brazil (on behalf of the Development Agenda Group), Venezuela, India and Switzerland made general, diplomatic statements.

**ITSSD made a long intervention. The organization is deeply involved in the issue and announced that they will have a special presentation during the lunch break (which they did).**

ICC: We made a statement at the last session which is still valid.

Free Software Europe (FSE): IPRs and standards serve different purposes. Small and medium businesses are often involved in software development. Free software is frequently used. There should be further studies of related issues to identify best practices.

There was a debate involving many of the NGOs and Uruguay having strong views on

the issue. Governments should intervene. Many had the view that licenses on patents should be offered for free. It was also suggested, by ECIS (European Committee for Interoperable Systems) to set up a special group identifying best practices.

### **Exclusions from Patentable Subject Matter and Exceptions and Limitations to the Rights.**

EU (Belgium) stated that these matters have been broadly harmonized within Europe.

These issues should not hinder the work on other substantive patent law matters, like prior art, novelty and inventive step.

Brazil (Development Agenda Group) referred to document SCP14/7. Patents should only be granted after market failure.

There should be a three step process, including a study and a manual on measures to implement the Development Agenda. The statement was supported by Argentina, Bolivia and others in the development agenda group.

Russia gave an overview of current changes of national legislation on certain exclusions, e.g. relating to human cloning.

Australia: The studies provide a good basis. We thank Brazil for their proposal to an extended study.

Spain put a question to Brazil: What aspects of exclusions etc are not covered by the study?

India: We refer to document 15/3 annex II, where the report, as regards India, is not correct. Computer programs as such are excluded, but they are protected under copyright law.

(lunch break and adjournment of the plenary session until the next day)

Brazil continued to explain its proposal on further work in these issues, involving three phases:

1. Collect information from all countries, and the experience, including jurisprudence, not only in the US
2. Investigate what are the conditions for exceptions and limitations, and what are the consequences and effects of those



3. Provide a manual with a non-exhaustive list of exclusions, exceptions and limitations

Norway: we support the EU, it is important to put exclusions etc into context.

Tanzania: Do we really have to go into detail to this extent?

EPO supported the statement by the EU.

Group B: It is not WIPO practice to compile member states comments separately, as proposed by India.

India: It was not only India, but other states as well. It has been done before, in CDIP. It would be good for scholars and other interested circles. This statement was supported by Bolivia

Germany: What we have as normal practice is a comprehensive report by the Secretariate, and then the delegates can make comments. This statement was supported by FR.

India: we only wish cross-references in an Annex, a statement which was supported by Egypt, Venezuela, and Brazil.

ALIFAR (Latin American Association of Pharmaceutical Industries): Exceptions are used with caution in Latin America.

Compulsory licenses generate conflict. There should be a further study on compulsory licenses. The Brazil proposal can be very useful.

GRUR: We are somewhat concerned about the proposed separate compilation, should the NGO intervention also be included? Will important case law decisions from the EPO also be included?

FSFE: The mandate of the study did not include Open Source. Software patents have been harmful. They are normally not new. We refer to a Berkely study, where it is concluded that software patents do not promote innovation. The market is dominated by a few companies. We have suggested a test: market failure, etc. Exclusions should also be dealt with in this debate.

FIIM: Incentive is necessary for medicine development. Compulsory licenses are not good for the system. They will hinder the introduction of improved drugs to the public.

ICC: Patents are critical for the developments in all fields of technology. In

the study, there are some parts relating to TRIPS that need to be more stringent. Patents are crucial to incentivize and enable transfer of technology. Legal stability is also important.

EPO: According to Art 52, EPC, exclusions are only applicable to computer programs *as such*.

KEI: We refer to the report from the 12<sup>th</sup> session of SCP, where there were listed the comments made by the NGOs and also those made by at least two delegations.

TWN: The study is inconclusive, it is mostly based on jurisprudence in the US and Europe. Exclusions should prevent evergreening of pharmaceutical patents. Brazil's proposal is a step in the right direction.

ITSSD: The use of exceptions is inappropriate. Compulsory licenses are not effective. TRIPS Art 31 is often misinterpreted. It is difficult to properly determine the market value. We recommend a study on how to determine market values. It is not up to the Governments to do that.

Russia: The study does not include Russian protection of computer programs. Algorithms may be patentable if they are used in a technical environment.

(close for lunch, the plenary session was adjourned until the next day, 13 October)

#### **Client - Patent Advisor - Privilege**

Belgium\_(for EU): Freedom of communication for patent attorneys is needed, especially in judicial proceedings. We endorse the Secretariate's recommendation that a detailed study be conducted, including also possible norm setting activities.

Switzerland:\_ There should be a guide, after looking at the various national provisions. We support the EU position. We made a long statement in January 2010. This is still valid.

Slovenia (for central European and Baltic states): We support the EU. Cross-border elements are important.

New Zealand: this is an important issue. We support the EU.

Australia: we support the EU proposal.



Russia: we have national provisions for confidentiality.

USA: we align with the EU.

Brazil (Development Agenda Group): There are differences even among countries with similar legal systems. It is not realistic or practical to reach an agreement on the privilege issue. Confidential communications between a lawyer and a client do not fall within patent law.

India: There is no provision in Indian law, or in the Paris Convention or in TRIPs. The work of a patent attorney is to be regarded as a part of the system. It should be transparent and be made public.

Iran: The study should be improved. We align ourselves with Brazil. It is a matter of private law. The transparency should be maintained. An introduction of privilege would affect the quality of patents.

EPO: We support the EU.

ICC: Our statement in SCP January is still valid.

AIPPI: There is a misunderstanding.

Privilege is only related to advice between an Advisor and a Client, not any fraud on the patent system. Our questionnaire has clearly indicated that there is a serious problem in the system. Many things have to be further investigated, as will appear from our own study.

GRUR: We support the views expressed by the other NGOs. The present situation is a discrimination against patent attorneys in relation to lawyers.

**FICPI:** *I will be brief and refer to the general statement I made earlier this week. I then mentioned three resolutions passed by our federation. There are now paper copies of these resolutions available at a table outside this hall.*

AIPLA: We wish to have further studies.

TWN made a lengthy presentation basically repeating the views put forward at the previous meeting in January.

There were also some other statements made by government delegations and NGOs.

(adjournment of the plenary session until the next day, 14 October)

### **Transfer of technology**

Brazil, El Salvador, Venezuela and Egypt made various diplomatic statements.

Russia: there should be a balance of interests of the public/government and the private sector.

India: The study should be expanded to public health and food security. Transfer of technology is central to the development agenda.

### **Opposition systems**

India stated that very many reasons and relevant observations can be made in opposition proceedings.

Switzerland: we also think opposition proceedings are important to the system. There were a few additional interventions.

(The plenary session was again adjourned for informal discussions, until the next day 15 October)

### **Future work and chair's summary**

It was announced that the informal discussions had resulted in an agreement on the items to be put on the agenda for the next session. The session was again adjourned, and there followed an informal discussion on the exact wording that should be published in respect of the agreed agenda items.

The Chair's summary (3 pages) was posted on the WIPO website, at

[http://www.wipo.int/meetings/en/details.jsp?meeting\\_id=19684](http://www.wipo.int/meetings/en/details.jsp?meeting_id=19684)

The member states will be given the opportunity to express their views on the coordination mechanism and how to implement the Development Agenda recommendations.

The non-exhaustive list of issues will remain open for further topics. Now, four further issues will be included in the list, viz (the complete list is to be found in an Annex to the Chair's report):

- Impact of the patent system on developing countries and LDCs
- Patents and food security
- Strategic use of patents in business
- Enhancing IT infrastructure for patent processing

Importantly, after informal deliberations among the government delegations, taking about half of the available time during the



15<sup>th</sup> session, it was agreed to deal with the following issues at the next SCP session:

- Exceptions and limitations to patent rights: The Secretariat will prepare a draft questionnaire for consideration by Member States at the 16<sup>th</sup> session of the Committee;
- Quality of patents, including opposition systems;
- Patents and health;
- Client-patent advisor privilege: The Secretariat will prepare a study taking into account the comments made by Member States;
  
- Transfer of technology: The Secretariat will update the existing preliminary study (document SCP/14/4), taking into account the comments made by Member States.

The International Bureau informed the SCP that the next SCP meeting is tentatively scheduled for the week May 16 to 20, 2011, in Geneva.

**Conclusions by your reporter**

There was no move towards a resumption of the discussions on substantive patent law harmonization. The only constructive result of the SCP session was that there was agreement on the agenda for the next meeting. The long list of topics open for discussion was supplemented with four new issues. Most of the NGOs were satisfied with the fact that the privilege issue is still on the agenda.

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