Patent Cooperation Treaty

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Introduction

Before the PCT came into force, applicants had two alternatives to seek protection for their inventions:

1. They could file at the same time different patent applications in all the countries or in all the different regional patent systems that are available for certain countries\(^1\) where they had an interest in getting protection. This system was quite inconvenient and expensive, since patent applications involve a lot of work and it is almost impossible to apply for the same patent in several different countries at the same time. Furthermore, without any priority date the patent could be stolen by a third party or simply enter into the public domain if said patent was published at any country before the patent was effectively applied in others, and thus would not be able to get patent protection.

2. They could file their patent application under the Paris Convention System\(^2\). Under this system, some of the problems just mentioned are solved, since the applicant would have a period

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\(^1\) European Patent Convention, Eurasian Patent Convention and the African Regional Industrial Property Organization.

\(^2\) Paris Convention, art. 4.
of 12 months from the filing date to go to other countries to seek patent protection, with the benefit in all those countries of the date of the filing date of the first application. Therefore, subsequent fillings at any other country of the Union (Paris Convention parties) before the expiration of this 12 month period would not be invalidated through any acts accomplished in the interval, as, for instance, by another filing, by publication of the invention or by the sale of copies, and these facts can give no right to any other third party.³

The Paris Convention System is still in force and it is vital for those countries who are not a party to the PCT.

All WTO members are parties to the Paris Convention Priority System, since it is incorporated by article 2 of TRIPS, which is compulsory for all WTO members.⁴

Nevertheless, the Paris Convention Priority System was far from perfect, and another easier, more convenient, and more cost-effective system was needed. Therefore, the PCT was drafted on 1970 and came into force on January 24, 1978.

In the following pages we will see how this system works and which are its advantages compared to the prior system (Paris Convention System). We will also explore other aspects of the PCT, including its relation with the regional patent systems, a comparison with the Madrid Protocol and some statistics illustrating the perspective of the PCT.

³ GRAEME B. DINWOODIE ET AL., INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY 427 (2 ed. 2008)
⁴ TRIPS, art. 1
How the PCT works and its advantages compared to the Paris Convention.

Without any doubt the PCT went beyond the Paris Convention and made an international patent system prosecution that did not exist before.

**Filing**

The first step of the PCT patent application procedure is to file an international application within any Contracting state complying with the PCT formalities.

Provided that the applicant has any link to a contracting state (either by his nationality or residence), the international application will have the effect of a regular national filling. Therefore, the international filing date will also be the date of the regular national filing date.

To establish the meaning of a regular national filing article 11.4 of the PCT sends us to Paris Convention which defines the terms “regular filing application” as “any filing that is adequate to establish the date on which the application was filed in the country concerned, whatever may be the subsequent fate of the application”.

Establishment of the filing date is crucial, since the non-obviousness (term used in the US) or inventive step (term used in most of civil countries) of the invention will be determined at this

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5 PCT, art. 9.
6 PCT, art. 11.
8 Paris Convention, art. 4 A. (3).
date and not after. Therefore, whatever happens after this date will not affect the novelty of the invention. For example, a publication describing the art of the invention that is made after the filing date will not affect the novelty of the invention.

The PCT requires certain formal requirements that became standard requirements in each contracting state patent office.\(^9\) These requirements are mainly in connection with the structure of the patent application (it must have a description plus at least one claim), the link between the applicant with a contracting state and an indication that the patent application is filed under the PCT.\(^10\) This is a favorable step, since then you can be sure that your international application will not be rejected under formal grounds at the national phase in any contracting state.\(^11\) This mechanism can help to save lot of money and work, as formal requirements adaptations to each country used to be a great issue before PCT.

This does not mean that the contracting state’s patent offices are not allowed to impose other requirements at the national phase, but such requirements shall not be a prerequisite to the national phase entry.\(^12\)

**International Search Report and written opinion**

After filing your international application the next step to carry out is the international search, which is made by specialized patent office’s that are called “International Search Authorities”.\(^13\)

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\(^9\) PCT, art. 11.
\(^12\) JAY ERSTLING and ISABELLE BOUTillon, THE PATENT COOPERATION TREATY, available at 32 WILLIAM MITCHELL L. Rev. 1598 (2005-2006).
Prior to the PCT there did not exist any official international search. Said searches were made only on a country by country basis.

The purpose of the international search is to reveal those documents that are related to the invention and thus may affect the novelty of it. The purpose, in other words, is to establish the prior art in the field of the invention so that an examination on the non-obviousness or inventive step requirement can be made.\textsuperscript{14}

International Search Authorities can be either a national office, a regional office or an intergovernmental organization.\textsuperscript{15}

The outcome of an international search is the establishment of an international search report, which consists mainly on a list of references to relevant prior art, mainly to published patent documents and technical journal articles. After 2004, International Authorities also establishes a written opinion as to the compliance of the application with the patentability criteria under PCT.\textsuperscript{16}

The written opinion made by the International Authority is a non-binding opinion and thus countries are not obliged to comply with it. This shows that more than creating substantive rights, PCT is a manner by which international procedures are facilitated, but PCT does not impose on either national or regional offices the obligation to grant a patent. Thus, the final decision of granting a patent remains the responsibility of national or regional offices in

\textsuperscript{13} PCT, art. 16  
\textsuperscript{14} PCT, art. 16  
\textsuperscript{15} PCT, art. 16  
accordance with their own laws.\textsuperscript{17} With regard to this issue, the PCT did not introduce any change to the Paris System and the final decision of granting a patent remains, as in the Paris System, at the sole discretion of national or regional patent offices.\textsuperscript{18} This confirms that PCT is an application filing system and not a patent issuing system. Therefore, the principle that intellectual property rights are territorial in scope is not violated and those rights remain under the jurisdiction of national states.

The main advantage of this international search is that the applicant will have a strong document upon which he can evaluate the chances of his invention being patented. Therefore, having both the international report and the written opinion the applicant is in a better position to decide whether or not to seek patentability. Having a favorable report reduces the chances of the patent being rejected at the national phase. On the contrary, having a report which discloses a document revealing a prior art affecting the novelty of the invention, would avoid the prosecution of that invention in several countries and consequently a good deal of money will be saved. This is a new feature of the PCT that allows for better management of patent portfolios and the avoidance of unnecessary expenses.\textsuperscript{19}

The work accomplished by the PCT authorities, mainly the international search, the written opinion, and where applicable, the international preliminary report, will reduce the work of the national patents offices. These offices will receive (if they are PCT Contracting States) applications that have already been studied by an International Search Authority which are

\textsuperscript{17} PROTECTING YOUR INVENTIONS ABROAD, 12 (April 2006), available at http://wipo.int
\textsuperscript{18} Nevertheless, contracting states national laws must comply with certain patent standards, principally those established in TRIPS Part II, Section 5.
offices well qualified to do this job. Many patent offices have a long backlog, resulting in years of delay, which means that they grant patents in some cases up to 9 years after the applications have been filed. This is a major issue, since these delays affect the number of years that a patentee will profit from his invention through the patent’s monopoly rights. Therefore, the international search and the written opinion accomplished by the PCT offices -the ISA- can be a useful manner to try to diminish the delay of patent issuances. If national patent office’s rely on the examinations made by the ISA, this would speed the procedures and they would start granting patents (or rejecting them) in a shorter period of time.

A main advantage of the international search is that the ISA finds secret prior art. Secret prior art is an application filed before an applicant’s application but published after an applicant’s filing date. Thus, an applicant does not have knowledge about this prior art when he files his application. But this secret prior art is found by the ISA and informed to the applicant so that he avoids filing further applications. This is also a new feature of the PCT.

**International Publication**

WIPO publishes the international application shortly after 18 months from the priority date. The application is published together with the International Search Report. Thus, this publication permits third parties to evaluate the novelty of the applications and allows them to oppose said application if they believe the novelty of the application is affected by any of the documents revealed by the international search report. This international publication is a good

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20 PCT, art. 16
21 Patent term protection is counted from the filing date and not from the issuance of the patent. TRIPS, art. 33
23 PCT, art. 21

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method to put third parties on notice about not only the existence of the application but also of the existence of documents that may affect the novelty of the application. As a result, third parties are in a better position to formulate well founded opinions about the patentability of the claimed invention.

Nevertheless, an applicant can always stop the publication.24 Thus, when the applicant receives an unfavorable search report he can stop the publication so that the information still remains secret. If an applicant realizes that his invention would not be patentable, at least he can try to protect that knowledge by any other possible manner, such as a trade secret. This can be done under the PCT.

The International publication also has the effect of a National publication with regard to prior art. This means that when an international application is published, that knowledge will constitute prior art at the contracting states and though these publications will affect the novelty of every patent application at any Contracting Country in connection with that prior art. There are some exceptions to this rule. Mainly, some Contracting States require that the publications are made in the official national languish to have the prior art effect in those countries.25

Since the international publication puts the world on notice of the existence of your application, it is an excellent way to advertise the invention and for seeking licensees and even for potential buyers of the patent application.26

**International Preliminary Examination**

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24 PCT, art. 21.5
26 PROTECTING YOUR INVENTIONS ABROAD, 16 (April 2006), available at http://www.wipo.int
This is the last step of the international phase, a second evaluation on the patentability of the invention. This examination is not compulsory but optional to applicants. At this step an applicant can submit amendments to his application together with arguments in order to overcome documents identified by the ISA in its written opinion. Furthermore, the applicant is entitled to an interview with the examiner. Thus, this is a fair opportunity to overcome the unfavorable written opinion of the ISA. Also, this step can be used by applicants that received a favorable written opinion in order to get a stronger basis on which to pursue patentability before the national patent offices.\(^{27}\)

This International Preliminary Examination should be taken into account by the national or regional patent offices. However, the decisions of the ISA are not binding to the Contracting States. As stated before, IP rights are still territorial in scope and PCT does not do anything to overrule this aspect.

**National Phase**

Because the PCT is not a patent issuing system, to obtain a patent every applicant should enter into the national phase. At this step national authorities will decide whether or not to grant a patent.

Once the national phase begins, patent applications are going to be evaluated and governed by national laws. Nevertheless, national patent office’s can always require to the PCT authorities evidence and information to facilitate the substantive determination of patentability.\(^{28}\)

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\(^{27}\) PROTECTING YOUR INVENTIONS ABROAD, 12 (April 2006), available at http://www.wipo.int

After the international phase had taken place (in which the applicant already has a Search Report and a Written Opinion, and where applicable, the International Preliminary Examination) the applicant would be in a good position to evaluate whether or not to continue with the national phase, or to decide in which countries he will do so.

In most of the PCT countries, the national phase must be started within 30 months from the first filing (being this filing either a national, regional or international publication). The information published in the international publication will be in the public domain in those countries where, after the 30 months period, the national phase has not been started.

**Joint use of the PCT and Paris Convention**

The PCT and Paris Convention are not rival systems but on the contrary they can be used together and applicants can benefit from both of these two systems. Generally, applicants first file a national or regional application and within 12 months from said date (the priority date) they file a PCT international application. In other words, an applicant can file an international application claiming the priority date of the prior national application, if the international application was filed within 12 months from the national one.

To benefit from Paris Priority and the PCT systems, the applicant must be a national or a resident from a contracting country of both Paris Convention and PCT.

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29 PCT, art 2 xi) y 22
30 PCT, art. 8

Juan Lapenne, 2010
Important Opinions on the PCT

Procter & Gamble opinion on the PCT

Procter & Gamble is an important company that invested $2.1 Billion in FY in 2007-2008, has 9,000 scientists and 25 Research and Development centers in 12 countries and has 45,000 active patents. Therefore, Procter & Gamble’s opinion on the PCT can illustrate what the major patent filing companies thinks about this international treaty.

Procter & Gamble has stated that it benefits from PCT in the following manner: “Through the use of the PCT, P&G gains sufficient time to gather information BEFORE making the final, costly decisions on where to seek patent protection, reserves options to enter the national phase in all PCT states for the extra 18-months provided under PCT, receives valuable information on patentability criteria, and can optionally advance foreign prosecution”.

3M opinion on the PCT

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31 Idem, 5
3M was among the 18th top PCT filer worldwide in 2008. Thus, as with Procter & Gamble’s views, 3M’s opinion on the PCT also confirms what the major filing companies think about the PCT.

Officials at 3M have also endorsed the system:

“We regard it cost effective….Pretty much every time budgets get tight, somebody suggests, well, shouldn’t we drop the PCT in some of our cases and start going direct because we have calculated out that it will save this much for the patent family. I think the consensus view though is that when you factor efficiencies and administration, and at least what is often cited is a sort of hidden benefit in that the delay the decision making by going through PCT, it allows you to drop cases before you have to national stage that you otherwise might spend money on. If you were forced to make the decision right out of the gate, you might file in a lot of countries that by having a delay of thirty months you decide later no to go into…So we think it’s cost effective”.

“Now what I like about the PCT…is that in many countries, not all, just having filed a PCT that designates all automatically creates this prior art on behalf of the application. Sometimes you have to go in actual, but it’s a big benefit from the legal perspective and I think, in my mind, a fairly decisive reason to use the PCT.”

Regardless of this valuable opinion, at this point is important to mention that under US Patent Law Section 102 (e) no prior art effect is given to a PCT application if said PCT application is not published in the English language.

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33 WIPO’s statistics, available at http://www.wopi.int
35 Idem
PCT and Regional Patent Systems

The PCT, as previously stated, is merely a filing procedure and does not create any international patent right. Thus, PCT can be combined with other substantive patent systems, being these substantive patent systems either national or regional patent systems. Therefore, applicants who want to get protection in countries both party to the PCT and to any of the various regional patent systems, can benefit from the combined use of PCT and those regional patent system.36

Furthermore, PCT is not only compatible with regional patent systems, but also there are some advantages of using both PCT and any of the regional patent systems. Irrespective of the country where the applicant files, he can benefit from the so called ‘‘ARIPO-PCT route’’, ‘‘Eurasian-PCT route’’, ‘‘Euro-PCT route’’ and ‘‘OAPI-PCT route’’.37

Any applicant filling a PCT application and wishing to obtain protection in any contracting country of a regional patent, will obtain a simultaneous filling with the regional offices concerned for the purpose of obtaining a regional patent. This means that applicants can wait until the end of the PCT procedures are known (specifically, after the applicant knows the results of the international search report and written opinion) to decide whether or not to start the regional phase.38

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36 GRAEME B. DINWOODIE ET AL., INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY, 819 (2d ed. 2008)
37 Idem
38 PCT APPLICANT’S GUIDE, Chapter V, available at http://wipo.int
If the applicant chooses to file a regional patent on the basis of his first (national) application, by the end of the priority year (Paris one year priority term) he will have to comply with all the requirements of the regional treaties, such as paying fees, doing translations, appointment of local agents and so on. On the contrary, if he decides to file a regional patent application through PCT, he will have to comply with all these requirements after a 30 months period from the priority date.\textsuperscript{39}

\textit{European Patent Convention}\textsuperscript{40}

Once the European Office has decided to grant a patent, what follows to get protection at the designated European countries is a matter of formal procedures, nothing else. The applicant has not the duty to go to each of the national offices asking for a further search or examination. After the EPO has decided to grant a patent, then that patent must be “validated” in each of the designated countries. This includes the duty to pay separate designation fees in each of these countries, plus the cost of translation fees, if applicable.\textsuperscript{41}

There is no such “validation” under the PCT, where instead the applicant has to start new patent procedures. However, these procedures will be faster and easier, since the applicant enter those procedures with an international search and a written examination.

There are some incompatibilities between PCT applications and national European applications. There are some European countries in which you cannot enter the national phase through a PCT application. In these cases, if you filed an international PCT application the only

\textsuperscript{39} Idem
\textsuperscript{41} PATENT COOPERATION TREATY CONFERENCE, available at 32 WILLIAM MITCHELL L.Rev. 1704 (2005-2006)
manner in which you can get protection in these countries is by filing the regional phase followed by a validation claim at each of these countries. France is an example of said situation.\textsuperscript{42}

How should one decide whether to go to national phase or to regional (i.e. European) phase? The main issue in this regard is to determine in how many countries the applicant wants protection. A regional application is without any doubt more expensive than any national application. But if the applicant intends to obtain protection in more than three European countries, experts recommend the filing of regional applications, since it would be cheaper. Moreover, the European regional phase is highly desirable when the applicant wishes to file a massive application throughout Europe, because when applicant pays seven designation fees, that is enough to cover all European states.\textsuperscript{43}

Another issue to bear in mind when considering whether to initiate a national or regional phase is how quickly one requires protection for that invention. Generally, national applications are quicker than the European system.\textsuperscript{44}

Another issue is that national phase is more expensive to start with. In the European system the expensive costs, mainly translation and local agent costs, are left to the end when you already know whether your patent has been granted or not, and in the later case applicants would not incur said costs.\textsuperscript{45}

Another disadvantage of starting the national phase (instead of the regional phase), is that you will have to deal with different patentability objections. If you initiate three national phases

\textsuperscript{42} Idem 1705
\textsuperscript{43} Idem 1706
\textsuperscript{44} Idem 1705
\textsuperscript{45} Idem 1705-1706
you will have three different examiners and thus you will have to overcome three different patentability objections. This means more work and money.\textsuperscript{46}

**Perspective of the PCT**

Everyone agrees that PCT has been a surprise success and that it has become synonymous with the international patent system. By the year 2004, the PCT has reached a million applications from across the world. Since its start, it has grown every single year. Actually, it has 142 state parties and expects this number to grow over the coming years.\textsuperscript{47} Nevertheless, there are some countries that are not members of the PCT and that the WIPO believes they should be in terms of their level of economic development, their level of industry, and their level of patent activity. These countries are principally Argentina and Malaysia.\textsuperscript{48}

**Top 15 Countries of Origin**

According to WIPO statistics, these are the top 15 countries where applicants filed most PCT international applications in 2008: US (32.7 %), Japan (17.6 %), Germany (11.3 %), Republic of Korea (4.8 %), France (4.2 %), China (3.7 %), United Kingdom (3.4 %), Netherlands (2.7 %), Sweden (2.5 %), Switzerland (2.3 %), Canada (1.8 %), Italy (1.8 %), Finland (1.3 %), Australia (1.2 %) and Israel (1.2 %). All other countries make up a 7.5 % of the PCT international applications. The country of origin is taken to be the country of residence of

\textsuperscript{46} Idem 1706
\textsuperscript{47} Idem 1606-1607
\textsuperscript{48} Idem 1607
the first-named applicant. As we can see, there are only 2 developing countries (Republic of Korea and China) within the top 15 PCT applicants.\footnote{THE INTERNATIONAL PATENT SYSTEM YEARLY REVIEW, 10, 2008, available at http://www.wipo.int} 

**Top 15 Developing Countries**

According to WIPO statistics, these are the top 15 developing countries where applicants filed most PCT international application in 2008: Republic of Korea (7,908), China (6089), India (753), Singapore (568), Brazil (444), South Africa (376), Turkey (361), Mexico (207), Malaysia (174), Czech Republic (152), Ukraine (96), Egypt (46), Colombia (39), Estonia (34), Bulgaria (28), Argentina (23), Chile (23), Thailand (17), Philippines (12), Morocco (12).\footnote{Idem 13} As we can see, there are in this list countries that are not members to the PCT, such as Argentina and Morocco. Applicants from countries that are not members to the PCT can still file international applications with the objective of getting protection in countries which are parties to this treaty. In such cases, applicants from non-member countries would be able to initiate national phases in the PCT member countries, but they won’t be able to initiate the national phase in their country, since that country is not a party to the PCT. To obtain protection in said countries, they should file an independent national application.\footnote{PCT, art. 9.2 and}

**Developing Countries as members of the PCT**

PCT membership is dominated by developing countries, countries that are designated at least developed countries and the countries form the former socialist group of Eastern Europe...
and Asia. These countries make up the 79% of the membership, whereas the industrialized countries make up the 21% of the PCT membership. The group that makes up the 79% of the PCT membership, only filed the 7% of 2005 applications. The rest of the applications are filed by the small group of the industrialized countries.\textsuperscript{52} Moreover, one half of the membership countries do not have any patent activity, but they are still members of the PCT.\textsuperscript{53}

The number of PCT international applications filed by applicants from developing and least developed countries is very low compared to the PCT national phase entries at their patent offices.\textsuperscript{54} Thus, the countries that benefit most from PCT are the industrialized countries. Developed countries receive more patent applications (in the form of PCT national phase) than before because of the convenience of the PCT system. Therefore, knowledge that otherwise would be in the public domain, is instead protected and cannot be used by those countries - developing and at least developed countries -.

As already stated, before the PCT came into force, it was more difficult and expensive for applicants to apply for different patent applications. Therefore, applicants used to restrict their patent applications principally to the developed countries in which there is a profitable market, thus leaving these inventions free in the developing countries. After PCT, because of the ease of the international patent application procedure, applicants are encouraged to file in developing countries as well, since the procedure established by the PCT makes it easier and safer. Applicants only have to designate in which countries they would like to get protection and then

\textsuperscript{52} PATENT COOPERATION TREATY CONFERENCE, available at 32 WILLIAM MITCHELL L.Rev. 1613-1614 (2005-2006)

\textsuperscript{53} Idem 1607

they would enjoy a longer period to effectively apply for a patent with the benefit of maintaining the priority date for 30 months from the first application.

On the other hand, developing countries and their enterprises do not have as much money as the industrialized countries to invest in Research and Development. Thus, the number of patents that developing countries produce is smaller than the number of patents that are generated in the industrialized countries. As a result, developing countries can not benefit from the PCT in the same way as industrialized countries do, since they do not have the same number of patents as the industrialized countries.

Therefore, there is a great challenge from the WIPO to assure that this gap between players of the PCT (industrialized countries) and members of the PCT who are not major players under said treaty does not continue to grow, as this fact may not only damage the PCT process but also would discourage the adherence to the PCT by developing countries. The principal action to be taken by the WIPO to prevent this is to promote IP activity through members of the PCT that are not players, so that these countries start developing patent activity and thus begin playing their role in the PCT.  

Why are countries that have no patent activity members to the PCT?

This may be due to the fact that the US and the European Union, when negotiating free trade agreements with other countries, usually include the ratification of several IP treaties as a

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condition to enter in said agreements, and the PCT is always one of these treaties. Therefore, the main promoters of the PCT are the US and the EU rather than the WIPO.\(^{56}\)

**PCT is moving east**

As stated before, PCT filings are dominated by the industrialized countries. The largest PCT filers are the European Patent Convention countries, followed by the US, which dominated the PCT filings from the very beginning. However, PCT filing increases from the US and Europe are relatively small in comparison with eastern countries (Asia). This means that the PCT definitely is moving east, mainly to Japan, the Republic of Korea and China.\(^{57}\) In 2008 PCT international applications from the Republic of Korea have grown 12\%\, from China, 11.9\%\, and from Sweden, 12.5\%. These growths are over the period 2007-2008. These three are the countries which show the biggest PCT international filing growth on 2008.\(^{58}\)

For the first time a Chinese company -Huawei Tecnologies Co. Ltd, an international telecommunication company- was the largest PCT international filer, followed by a Japanese company –Panasonic Corporation-.\(^{59}\)

**Typical user of the PCT**

Interestingly companies which file 100 or more PCT application make up only the 20\% of the PCT filings. This means that the typical user of the PCT is a small one who files only a few

\[^{56}\text{Idem 1607}\]
\[^{57}\text{Idem 1608}\]
\[^{59}\text{Idem}\]
applications a year. For example, the US which is the largest PCT filer, has no company that is within the top 5 filers. Most of US applications come from small companies in small numbers.60

**Fields of Technology**

The largest number of PCT international applications is in the field of medical technology (12%), computer technology (8.5) and pharmaceutical sectors (7.9).61

The fastest growing fields are information technology methods for management and microstructures and nanotechnology. However, application numbers for this technology remain relatively low.62

**PCT compared to the Madrid Protocol**

PCT has its brother agreement in the field of trademarks, the Madrid Protocol (Madrid System)63. This agreement is also administered by the WIPO and both treaties have as their goal promoting IP rights worldwide. Madrid Protocol contracting states are fewer in number compared to PCT. It has 72 country members, whereas the PCT has 142 members. Still, the Madrid Protocol is a strong worldwide treaty and is worth mention it and studying the differences and similarities between these two treaties.

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62 Idem
The Madrid Protocol allows member country trademark owners to obtain trademark rights in other member countries by filling a unique international trademark application with their national office. This international application will then be electronically forwarded to WIPO, which issues an international application for the trademark, publishes the mark in the international trademark gazette, and electronically forwards the application to the designated countries. Finally, the designated countries will examine and grant said international applications under their national laws.

Even though these two treaties follow the same goal –facilitating the grant of IP rights worldwide- there are some significant differences between them that are important to stress.

Under the Madrid Protocol an international (trademark) application must be filed only upon a home country “basic application”, or alternatively upon a home country “basic registration”. This means that applicants cannot file an international application without first acquiring some right in any home country member. Thus, applicants should perform some national activity before using the international trademark system. Contrary to the Madrid Protocol, under the PCT applicants can file directly an international patent application without first having applied for any national right. However, in most of the cases international patent applications are filed based upon a national filing (claiming priority) but this is not a requirement.

The Madrid Protocol states that if a national trademark office wishes to refuse an international application it has to expressly do so within 18 months from the date on which the

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64 The Madrid Protocol was made to facilitate the grant of trademarks in different countries. 
65 GRAEME B. DINWOODIE ET AL., INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY, 847 (2d ed. 2008) 
66 Madrid Protocol, art. 2.1)
notification of the extension has been sent to that national office. Thus, unless a country acts within 18 months to refuse protection, the mark is deemed protected. As we have already seen, PCT applications work in a very different manner. Under PCT the national authorities has to examine every national phase application and then they must issue a response, being said response a granting or a denial of the patent application. Contrary to the Madrid Protocol, under PCT silence from the national offices would not be deemed as a grant of the application.

The Madrid Protocol has a mechanism called Central Attack that provides that if the “basic registration” or “basic application” is successfully attacked during the first five years of the international registration form, all extensions of protection in the designated countries will also fall. Nevertheless, this agreement provides –in the case of a successful central attack- an option to transform all extension of protection into national filings and retain the effective filing date of the international registration. Under PCT there is nothing similar to Madrid Protocol’s Central Attack. Under PCT, every national grant following the international application is independent from both the international application and any national filing made in any other member country. A patent granted at the national phase will never be affected by a successful attack of the same patent in any other country. This constitutes another important difference between these two agreements.

Similarly to PCT, under the Madrid Protocol substantive (trademark) rights flow only from the grant of national extensions of protection and not from the international registration as such. Applicants will not obtain any substantive rights by filing an international patent

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67 Madrid Protocolo, art. 5.  
68 Madrid Protocol, art. 6  
69 GRAEME B. DINWOODIE ET AL., INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY, 853 (2D ED. 2008)
application or by filing an international trademark application. They will acquire those rights only and after the national authorities grant those rights on a country by country basis.

Under both PCT and Madrid Protocol, member countries will use their national substantive laws to decide whether or not to grant a patent or trademark application.

### The US and its use of the PCT and the Madrid Protocol

Whereas the US is the top PCT filer, it is not the leader filer at the Madrid System. In 2008, US ranked third at the Madrid System, with 3,863 international trademark applications. The largest Madrid System filer— in 2008— was Germany with 6,214 filings, followed by France with 4,218 filings.\(^\text{70}\)

Why is the US not the top filer at the Madrid System? May be this is due to an important difference between the US domestic law and laws from other countries. Under US domestic law, the specification of goods and services that will appear in the domestic application, on which the international application will be based, are narrowly drafted to the specific goods or services where the applicant has used the trademark or has a bona fide intention to use the mark.\(^\text{71}\)

Because the international application will have the same specifications as the basic application or registration, US applicants will suffer these limitations at the international system as well. Therefore, it would be preferable for US applicants to apply for their trademarks directly in the

\(^\text{70}\) NEW RECORD FOR INTERNATIONAL TRADEMARK REGISTRATION IN 2008 BUT SIGNS OF SLOWDOWN AT YEAR END (March, 2009), available at http://www.wipo.int

\(^\text{71}\) Civil countries generally do not have this requirement—the “use” requirement—and though they can obtain broader trademark protection.
other member countries so that they can draft their application in a broader way, thus placing their trademark protection at the same level of their competitors in each country.\(^{72}\)

Nevertheless, US applicants can file international trademark applications based on applications or registrations that they have in other Madrid System member countries.

**Conclusion**

The PCT addresses and harmonizes the many cultural, linguistic and procedural patent law differences between it members. It has done so, among other things, by decentralizing the PCT system. Evidence of this is the existence of more than 100 national and regional offices that perform PCT functions. However, the PCT did not harmonize the substantive laws from its members. Perhaps, the PCT success is due to the fact that it did not interfere with the well established principle that IP rights are territorial in scope. Thus, countries did not see in this treaty any threat to its sovereignty, and this explains the large number of PCT members.

Nevertheless, there is a major challenge in connection with the large gap between players of PCT (industrialized countries) and members that are not players of said treaty –developing and at least developed countries- since the last ones do not get as much benefit from this treaty as the industrialized countries. As a result, developing countries are receiving more patent applications than before PCT and this means that they cannot use knowledge that otherwise would be in the public domain.

\(^{72}\) GRAEKE B. DINWOODIE ET AL., INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY 851-852 (2d ed. 2008)