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Recent Patent Law Developments in Asia[†]

John Richards*

INTRODUCTION

It is always a pleasure to speak at the Conference on International Intellectual Property Law and Policy at Fordham Law School. Today, I will give an overview of the recent patent law developments in Asia. Because Fordham is on the West Side of Manhattan and I, too, am a West Sider, I thought it might be useful to look briefly at developments in the western end of Asia, starting in the region from which the continent obtained its name (the Roman province of Asia in modern Turkey), and progressing along Marco Polo's silk road to the fashionable eastern side of the continent.

I. TURKEY

Turkey is a country that is often overlooked in foreign patent filing decisions. In 1993, the most recent year for which data are available, the total number of patent applica-

[†] This Address is a revised and updated version of an address delivered on April 11, 1996 at the Fourth Annual Conference on International Intellectual Property Law and Policy at Fordham University School of Law; footnotes have been supplied by the *Fordham Intellectual Property, Media & Entertainment Law Journal*. Proceedings of the entire conference will be published in 3 INTERNATIONAL INTELLECTUAL PROPERTY LAW & POLICY (Hugh C. Hansen ed., forthcoming 1997).

* Partner, Ladas & Parry, New York, NY. Cambridge University, M.A. 1970; London University, LL.B. 1979. The author wishes to thank his colleagues in many Asian countries for their assistance in preparing this Address, and, in particular, the firms of S.Y. Cha in Seoul, Wilkinson & Grist and Denton Hall in Hong Kong, Kyowa in Tokyo, Saint Island and Lee and Li in Taipei, SojuzPatent in Moscow, V.E. del Rosario in Manila, and Hadiputranto, Hadinoto and Partners in Jakarta.

tions filed in Turkey was less than half of the total filed in Thailand or Malaysia. However, Turkey was admitted to a customs union with the European Union on January 1, 1996,¹ has a bigger gross domestic product than any eastern European country other than Russia,² and, for much of the last decade, has had a growth rate of approximately five percent.³ In view of its increasing economic importance, Turkey should attract a greater number of patent applications than it does.

A number of changes have occurred recently in Turkish patent practice. On February 1, 1995, Turkey finally adopted the current version of the Paris Convention,⁴ thereby paving the way to end Turkey's anomalous working requirements.⁵

1. See Virginia Brown Keyder, *Customs Union Has Transformed Trade; Turkey and Europe*, THE INDEPENDENT, May 22, 1996, Special Report, at 24 (noting the vigor of the intellectual property actions in the wake of the Customs Union agreement); *Turks Wake Up in New Year Feeling Closer to Europe*, DEUTSCHE PRESSE-AGENTUR, Jan. 1, 1996, available in LEXIS, Nexis Library, Allnewsplus File (noting that the customs union agreement had come into effect).

2. See, e.g., Jonathan Wright, *Cairo Meeting Spotlights Gamut of Mideast Economies*, REUTERS FIN. SERV., Nov. 7, 1996, available in LEXIS, Nexis Library, Allnewsplus File (reporting that Turkey has the highest Gross Domestic Product ("GDP") among the Middle Eastern countries, topping the list at \$160 billion).

3. See Michael Schuman & Juliette Rossant, *Turkey at the Crossroads*, FORBES, Jan. 1, 1996, at 52 (noting that Turkey's GDP "has averaged 4.4% growth—nothing spectacular, but the best in a generally sluggish Europe.").

4. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as revised at Stockholm, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 (arts. 13-30 entered into force Apr. 26, 1970; arts. 1-12 entered into force April 26 or May 19, 1970) [hereinafter Paris Convention]. The Paris Convention is administered by the World Intellectual Property Organization (WIPO), which was established in 1967. Convention Establishing the World Intellectual Property Organization, July 14, 1967, 21 U.S.T. 1749, 828 U.N.T.S. 3. As of March 26, 1997, 142 states were party to the Paris Convention. *States Party to the Convention Establishing WIPO and/or to Other Treaties Administered by WIPO: Paris Convention for the Protection of Industrial Property* (visited April 20, 1997) <<http://www.wipo.int/eng/ratific/d-paris.htm>>. Turkey became a party to the Hague Act of the Paris Convention in 1925, and acceded to articles 13-30 of the Stockholm Act of the Convention on May 16, 1976, but did not fully become a party to the 1967 Stockholm Act of the Convention until February 1, 1995, when it finally acceded to articles 1-12. *Id.*

5. Many countries have requirements that patents must be "worked" (i.e., a patented process used or a patented item made) within the country so as to pro-

Effective June 27, 1995, the law relating to patents was amended by Decree Law⁶ and the administration of the patent system changed radically. Rather than maintaining the Patent Office as an integrated arm of the government, Turkey established a quasi-independent Patent Institute in Ankara.⁷ Because most patent filing firms are in Istanbul, locating the Institute in Ankara has complicated the logistics, a fact which is only exacerbated because the newly for-profit Institute has increased most fees.

To implement its obligations under the GATT/TRIPs Agreement,⁸ unless changed by an order of the Turkish

mote local utilization of the invention. See, e.g., Patent Law, Law No. 121 of Apr. 13, 1959, amended by Law No. 26 of Apr. 23, 1993 (Japan) (entered into force Jan. 1, 1994) [hereinafter 1994 Japan Patent Law], art. 2(3), 6 EHS LAW BULL. SERIES, No. 6850A at SA-A 2 (Eibun-Horei-Sha, Inc. trans. 1994) [The Codes Translation Institute, Inc.] (defining "working"); Patent Law Enforcement Law, Law No. 122, Apr. 13, 1959, amended by Law No. 26, Apr. 23, 1993, reprinted in 6 EHS LAW BULL. SERIES, supra, No. 6850B at SA-B 9 (establishing date entered into force). The most recent version of the Paris Convention provides that the most drastic sanction that a country may impose for failure to comply with working requirements is a non-exclusive compulsory license on reasonable terms. Paris Convention, supra note 4, arts. 5(A)(2) (authorizing compulsory licenses for failure to work), 5(A)(3) (patent forfeited only where compulsory license has failed to prevent abuse two years after grant). Prior to Turkey's adherence to the current version of the Convention, a Turkish patent could have been held to have lapsed if the invention had not actually been used in Turkey or if the patentee had not placed advertisements in newspapers offering the patent for licensing.

6. Decree-Law No. 551 on the Protection of Patent Rights in Force as from June 27, 1995, as amended by Decree-Law No. 556 of Sept. 22, 1995, and amended, added to and partly repealed by Law No. 4128 of Nov. 7, 1995 (Turkey) (International Bureau of WIPO trans.) (entered into force Nov., 7, 1995), *Industrial Property and Copyright* (July/Aug. 1996), compiled in INDUSTRIAL PROPERTY LAWS AND TREATIES, WIPO Pub. No. 609(E), Text 2-001.

7. The Turkish Patent Institute was established in 1994. Decree-Law No. 544 on the Establishment and Functions of the Turkish Patent Institute, June 24, 1994 (Turkey) (International Bureau of WIPO trans.), arts. 1 (establishing the Institute as an independent legal entity and headquartering it in Ankara), 31 (eliminating the Department of Industrial Property in the Ministry of Industry and Trade and transferring responsibility, property, and personnel from the Department to the Institute) (entered into force June 24, 1994), *Industrial Property and Copyright* (Apr. 1996), compiled in INDUSTRIAL PROPERTY LAWS AND TREATIES, WIPO Pub. No. 609(E), Text 1-001.

8. Agreement on Trade-Related Aspects of Intellectual Property Rights, 33 I.L.M. 1197 (entered into force Jan. 1, 1995) [hereinafter TRIPs] in General

Government, the prohibition on the grant of patents on pharmaceutical products will end on January 1, 2005; a similar prohibition on the grant of patents for a process for producing pharmaceutical products will end on January 1, 2000. In the meantime, prospective patent owners may file "black box" applications for such inventions, although the Turkish Patent Institute will not grant any patents on such applications until after the dates indicated.

Examination procedures changed twice last year and will probably change again in view of Turkey's adherence to the Patent Cooperation Treaty ("PCT")⁹ on January 1, 1996.¹⁰ Applications filed on or after June 27, 1995 must be subjected to a patentability search. The application will then be published for third-party oppositions and, unless the applicant or a third party requests substantive examination when in-

Agreement on Tariffs and Trade: Multilateral Trade Negotiations: Final Act Embodying the Results of the Uruguay Round of Trade Negotiations, done at Marrakesh, Apr. 15, 1994, 35 I.L.M. 1125 [hereinafter Final Act, Uruguay Round], Annex 1C.

9. Patent Cooperation Treaty, done at Washington, June 19, 1970, 28 U.S.T. 7645, 1160 U.N.T.S. 231 (entered into force Jan. 24, 1978)[hereinafter PCT]. Articles 53(11) and 54(6)(a) were amended on October 2, 1979 and entered into force on May 3, 1984; articles 22(2) and 39(1)(a) were modified on February 3, 1984 and entered into force on January 1, 1985. PCT, *Industrial Property* (Nov. 1984), compiled in INDUSTRIAL PROPERTY LAWS AND TREATIES: MULTILATERAL TREATIES, WIPO Pub. No. 609(E), Text 2-006, n.[a]. The PCT is an agreement under the Paris Union, which was established by the Paris Convention, to increase cooperation in filing, searching, and examining patent applications. *Eurasian Patent Convention to Enter into Force in August*, 12 Int'l Trade Rep. (BNA) No. 30, at 1289 (July 26, 1995) [hereinafter *EAPC Enters into Force*], and is administered by WIPO, see *supra* note 4 (defining WIPO and noting WIPO's role in administering the Paris Convention). The PCT permits nationals and domiciles of any contracting country to file an international patent application. PCT, *supra*, art. 3(1), 28 U.S.T. at 7652, 1160 U.N.T.S. at 235. The treaty does not, however, provide for an international patent, but rather facilitates the filing of separate applications in the member countries. *EAPC Enters into Force, supra*, at 1289. As of January 15, 1997, the PCT had 89 member states. *States Party to the Convention Establishing WIPO and/or to Other Treaties Administered by WIPO: Patent Cooperation Treaty* (visited 4/9/97) <<http://www.wipo.int/eng/ratific/m-pct.htm#note1>>.

10. *PCT Newsletter*, WIPO Pub. 115(E) (Oct. 1995) at 1 ("Turkey deposited its instrument of accession to the PCT on 1 October 1995, and will become bound by the PCT on 1 January 1996.").

vited to do so, a Certificate of Non-Examined Rights will be issued, giving quasi-patent rights for seven years. To obtain full patent rights for a twenty-year term, the application must be subject to a substantive examination as to novelty, inventive step,¹¹ and industrial applicability.

Before these changes in the law, the examination was carried out by either the European or Austrian patent offices, at the applicant's choice. After the law changed, this choice remained for applications filed up to November 5, 1995, although fees were then routed through the Turkish Patent Institute, rather than being paid directly to the searching authority. For applications filed after November 5, 1995, the Turkish Patent Institute, not the applicant, decides where the search and any subsequent examination will be carried out, which will most likely be in Austria.¹² However, because these tasks are to be performed outside the country, payment in deutsche marks must be made in advance. The search must be requested within fifteen months of the earliest claimed priority date, or, if no priority is claimed, from the filing date.

The new law continues to require a patentee to work the patent in Turkey no later than three years from the issue of a certificate giving patent or quasi-patent rights—that is, irrespective of whether examination has been requested. The working requirement can, however, be met by importing the patented product or by offering to license the patent. In the absence of such working, the patent will be subject to the possible grant of a compulsory license.

The new law also provides for the possibility of restora-

11. "Inventive step" is often used outside the United States to refer to non-obviousness. Cf. Charles R. B. Macedo, *First-to-File: Is American Adoption of the International Standard in Patent Law Worth the Price?*, 1988 COLUM. BUS. L. REV. 543, 557 n.8 (1988) (discussing the term "inventive step" as used in Europe).

12. Cf. Samson Helfgott, *Committee Report: Committee No. 109—Cooperation with Foreign Patent Offices*, 1994 A.B.A. SEC. INTELL. PROP. L. REP. 123 ("The Turkish Patent Office now allows search and examination of a Turkish application to be performed by the Austrian Patent Office as well as the EPO.").

tion of patents that have lapsed by failure to pay a renewal fee, irrespective of whether they were granted under the old or the new law.

For the first time, the law provides for possible utility model protection for innovations that are novel and have industrial applicability, but that are not necessarily inventive over the prior art. Utility model protection will exist for a maximum of ten years from the filing date.

II. UZBEKISTAN

Our imaginary journey along the silk route now takes us south of James Elroy Flecker's Golden Road to Samarkand, where Polo probably passed through what is now Uzbekistan, a country that has not yet joined the Eurasian Patent Convention ("Eurasian Convention").¹³ Uzbekistani law contains a number of exclusions on patentability that, in form, if not in practice, exceed the normal list of unpatentable subject matter, by including designs and plans for constructions, buildings and territories, methods for organization and management economies, and integrated microcircuit topographies. Preliminary examination is always automatic, but substantive examination is automatic only in the case of inventions relating to cotton growing, cotton processing, sericulture, silk production, heliotechnologies, water conservation, and land reclamation. For all other types of inventions, examination must be requested within three years of the priority date, or, apparently, within one year of

13. Eurasian Patent Convention, done at Moscow, Sept. 9, 1994 (entered into force Aug. 12, 1995) [hereinafter EAPC], *Industrial Property and Copyright* (July/Aug. 1995) (International Bureau of WIPO trans.), compiled in INDUSTRIAL PROPERTY LAWS AND TREATIES: MULTILATERAL TREATIES, WIPO Pub. No. 609(E), Text 2-013. The EAPC is a "regional patent treaty within the meaning of PCT Article 45," *PCT Newsletter*, WIPO Pub. 115(E) at 1 (July 1995) (announcing that the EAPC has been established, that Belarus, Russian Federation, Tajikistan, and Turkmenistan had either ratified or acceded to the EAPC, and that seven other countries had signed the EAPC and were expected to adhere to the EAPC in the near future).

entry into the national phase for a PCT application. If no examination is requested, protection will expire five years from the priority date. If examination is requested, the maximum term is twenty years from the priority date. An interesting feature of the law is that all fees are set as percentages of the national minimum salary.

III. EURASIAN PATENT CONVENTION

Marco Polo's silk route proceeds to the countries that are parties to the Eurasian Convention. The Eurasian Convention became operative on January 1, 1996, and could be designated in PCT applications under code EA since that date. Its present members are: Armenia,¹⁴ Azerbaijan,¹⁵ Belarus,¹⁶ Kazakstan,¹⁷ Kyrgyzstan,¹⁸ the Republic of Moldova,¹⁹ the

14. *PCT Newsletter*, WIPO Pub. 115(E) (Jan. 1996) at 1 ("Armenia deposited its instrument of ratification of the Eurasian Patent Convention on 27 November 1995 and will become bound by that Convention on 27 February 1996."); see Margaret A. Boulware et al., *An Overview of Intellectual Property Rights Abroad*, 16 HOUS. J. INT'L L. 441, 501 (1994).

15. *PCT Newsletter*, WIPO Pub. 115(E) (July 1995), at 1 (noting that Azerbaijan was one of seven countries to have signed the EAPC and was expected to adhere to the EAPC in the near future); *Nation Joins Madrid Agreement, WIPO and Paris Conventions*, Pat., Trademark & Copyright L. Daily (BNA), at d2 (Jan. 26, 1996) (noting that Azerbaijan had adhered to the EAPC effective December 25, 1995); see Boulware, *supra* note 14, at 501.

16. *PCT Newsletter*, *supra* note 13, at 1. The government of Belarus initialed the EAPC on February 27, 1994, *Former Soviet Republics Initial Pact to Create Eurasian Patent Convention*, Pat. Trademark & Copyright L. Daily (BNA), at d2 (Mar. 11, 1994) [hereinafter *Former Soviet Republics*], and officially joined effective May 8, 1995, *EAPC Enters into Force*, *supra* note 9, at 1289. See Boulware, *supra* note 14, at 501.

17. *PCT Newsletter*, *supra* note 15, at 1 (noting that Kazakstan was one of seven countries to have signed the EAPC and was expected to adhere to the EAPC in the near future); see Boulware, *supra* note 14, at 501 (noting that Kazakstan had adhered to the EAPC effective January 1, 1996).

18. *PCT Newsletter*, WIPO Pub. 115(E) (Nov. 1995), at 1 ("Kyrgyzstan deposited its instrument of ratification of the Eurasian Patent Convention on 13 October 1995 and will become bound by that Convention on 13 January 1996."); see Boulware, *supra* note 14, at 501.

19. *PCT Newsletter*, WIPO Pub. 115(E) (Dec. 1995), at 1 ("The Republic of Moldova deposited its instrument of ratification of the Eurasian Patent Convention on 16 November 1995 and will become bound by that Convention on 16 Feb-

Russian Federation,²⁰ Tajikistan,²¹ and Turkmenistan.²² This means that, aside from the Baltic republics, which have oriented themselves towards the European Patent Office, the only former Soviet republics not to have joined the Eurasian Patent Convention are Georgia, Ukraine, and Uzbekistan, although Georgia and Ukraine were both signatories to the original treaty.²³

The standard for patentability under the Eurasian Convention is the now-standard one of novelty, inventive step, and industrial applicability.²⁴ However, the treaty establishing the Convention left to the Convention's Administrative Council—which consists of the heads of the national patent offices of the member states—the definitions to be adopted for these features.²⁵ In fact, it appears that the Russian Patent Office will carry out the search²⁶ and that worldwide publication, use, or disclosure are as destructive of novelty as is a previously-filed Eurasian patent application.²⁷ Dis-

ruary 1996"); see Boulware, *supra* note 14, at 501.

20. *PCT Newsletter*, *supra* note 13, at 1; *ITAR-TASS News Digest of June 1*, June 1, 1995 ("Russian President Boris Yeltsin signed on Thursday [June 1, 1995] the federal law 'On the Ratification of the Eurasian Patent Convention' adopted by the Russian State Duma on May 19 and approved by the Federation Council on May 24, 1995. The Convention was signed in Moscow on September 9, 1994."); see Boulware, *supra* note 14, at 501.

21. *PCT Newsletter*, *supra* note 13, at 1. The government of Tajikistan initiated the EAPC on February 27, 1994, *Former Soviet Republics*, *supra* note 16, and officially joined effective May 12, 1995, *EAPC Enters into Force*, *supra* note 9, at 1289. See Boulware, *supra* note 14, at 501.

22. *PCT Newsletter*, *supra* note 13, at 1. The government of Turkmenistan deposited its instrument of accession to the EAPC on March 1, 1995, *EAPC Enters into Force*, *supra* note 9 at 1289; *Turkmenistan Applies Three Treaties, Accedes to Eurasian Convention*, Pat., Trademark & Copyright L. Daily (BNA), at d3 (July 26, 1995). See Boulware, *supra* note 14, at 501.

23. *PCT Newsletter*, *supra* note 13, at 1.

24. EAPC, *supra* note 13, art. 6.

25. *Id.* arts. 3(3)(vii) (requiring the Administrative Council to adopt Patent Regulations), 14(i) (requiring Patent Regulations to define novelty, inventive step, and industrial applicability).

26. *Id.* art. 15(3).

27. Patent Regulations under the Eurasian Patent Convention, adopted on Dec. 1, 1995 (International Bureau of WIPO trans.) (entered into force Dec. 1, 1995), Rule 3(1), *Industrial Property and Copyright* (May 1996), compiled in IN-

closures by, or deriving from, an applicant or inventor are, however, subject to a six-month grace period from the date of disclosure if an application is filed in the Eurasian Patent Office or, apparently, in another patent office if priority is claimed from it.²⁸

Under the Eurasian Convention, a single patent application designating all of the Contracting States is filed in Russian²⁹ in the central Eurasian Patent Office in Moscow,³⁰ where the application procedure is similar to that of the European Patent Office. There will, therefore, be an early publication of the application eighteen months from either the Eurasian filing date or the national filing date from which priority is claimed.³¹ The applicant must request substantive examination within six months of that publication.³² Unlike the European Patent Office, however, the Eurasian Convention does not require "completion" of the patent in the various designated countries or filing of a translation of the patent in the languages of the designated non-Russian-speaking countries at the end of the prosecution. Renewal fees for a Eurasian patent will depend on the number of countries in which the patentee wishes to keep the patent in force.³³

The term of a patent under the Eurasian Convention is twenty years.³⁴ As with the new Russian law, there will be

INDUSTRIAL PROPERTY LAWS AND TREATIES: MULTILATERAL TREATIES, WIPO Pub. No. 609(E), Text 2-014 [hereinafter EAPC Patent Regulations].

28. EAPC, *supra* note 13, art. 14(ii) (requiring EAPC Patent Regulations to identify disclosures that do not affect the patentability of the invention); EAPC Patent Regulations, *supra* note 27, Rule 3(3).

29. EAPC Patent Regulations, *supra* note 27, Rule 21(6)(requiring request to be in Russian).

30. EAPC, *supra* note 13, art. 4(4) (establishing the patent office in Moscow).

31. *Id.* art. 15(4); EAPC Patent Regulations, *supra* note 27, Rule 44(1).

32. EAPC, *supra* note 13, art. 15(5); EAPC Patent Regulations, *supra* note 27, Rule 46(1).

33. EAPC, *supra* note 13, arts. 17(1) (maintenance of European patent requires annual fee), 18(3) (fees to be set by each Contracting State).

34. *Id.* art. 11.

publication of the application before grant,³⁵ and a right to compensation for use of the invention during the pendency of the actual patent grant.³⁶

An interesting side effect of the use of the European Patent Convention as a model for the Eurasian Convention is the Eurasian Convention's attempt to incorporate a counterpart to the infamous Article 69 of the European Patent Convention and its protocol on the interpretation of claims.³⁷ Rule 12 of the regulations promulgated under the Eurasian Convention provides that the scope of protection shall be determined by the claims, taking into account each feature, and possibly an equivalent of each feature, of the claims, interpreted in light of the description.³⁸ Such an interpretation, however, will be not only to elucidate what is unclear or indefinite, but also to determine the true meaning of the claim, which is to be neither its literal meaning nor its general inventive idea.³⁹

IV. PEOPLE'S REPUBLIC OF CHINA

Arriving in the Orient, we note that the People's Republic of China revised its laws in 1993, largely to prepare for the requirements of GATT/TRIPs and for China's anticipated admission into the World Trade Organization ("WTO").⁴⁰

35. *Id.* art. 15(4).

36. *Id.* art. 9(3) (granting applicant provisional protection conforming to the national laws of the Contracting States).

37. Convention on the Grant of European Patents, done at Munich Oct. 5, 1973, art. 69, 1974 Gr. Brit. T.S. No. 24 (Cmnd. 5656), at 23 (entered into force Oct. 7, 1977) [hereinafter EPC]; Protocol on the Interpretation of Article 69 of the Convention, adopted at Munich Oct. 5, 1973, *supra*, at 138. The Protocol is an integral part of the convention. EPC, art. 164(1), *supra*, at 61. The EPC is administered by the European Patent Office ("EPO") in Munich, Germany. The EPO grants a patent which can be registered with the national patent offices of its member countries. *Id.* art. 79.

38. EAPC Patent Regulations, *supra* note 27, Rule 12.

39. *Id.*

40. The Marrakesh Agreement Establishing the World Trade Organization, 33 I.L.M. 1144 (came into force January 1, 1995) (establishing the WTO as the successor to the GATT) in Final Act, Uruguay Round, *supra* note 8.

Although in February, 1995, at the urging of the United States, China agreed to attempt to improve enforcement of its intellectual property laws,⁴¹ there does not seem to have been any major improvement to date.⁴²

In the past year, there has been one useful development in China, at least for those involved in the patenting of biotechnology inventions: China's adherence to the Budapest Convention⁴³ has eliminated the need to ship samples of microorganisms to China for deposit in a Chinese institution if

41. China-United States: Agreement Regarding Intellectual Property Rights, Feb. 26, 1995, 34 I.L.M. 881.

42. According to a Congressional Request for Public Comment and Notice of Public Hearing:

While some progress has been made in the area of enforcement of [intellectual property rights] ('IPRs'), particularly with respect to enforcement of copyrights at the retail level, critical deficiencies are present in China's implementation of measures to address piracy at the production and wholesale distribution level. Piracy remains particularly rampant in Guangdong province. Manufacturers and distributors—primarily located in southern China—continue to produce pirated CDs, LDs and CD-ROMs in massive quantities. Due to lax enforcement at the point of production and at the border, export of pirated computer software, movies, sound recordings and other products have grown substantially over the past year. Products pirated in China have flooded Southeast Asia, Russia and the other Commonwealth of Independent States (CIS) countries. Latin American and European markets have also been targeted and the U.S. Customs Service has seized pirated CDs and CD-ROMs entering the United States from China. Finally, no significant progress has been made in providing market access to U.S. firms and products that rely on IPR protection. Based on the results of this monitoring, the USTR considers that China is not satisfactorily implementing the Agreement that was the basis for resolving the IPR enforcement and market access issues under investigation.

61 Fed. Reg. 25000, 25001 (1996); see Patrick H. Hu, "Mickey Mouse" in China: *Legal and Cultural Implications in Protecting U.S. Copyrights*, 14 B.U. INT'L L.J. 81, 81 (1996) ("Despite the signing of a second U.S.-China intellectual property agreement on February 26, 1995, the current intellectual property situation in China continues to concern both U.S. government and businesses.").

43. Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, done at Budapest Apr. 28, 1977, 32 U.S.T. 1241, 17 I.L.M. 285 (entered into force Aug. 19, 1980) [hereinafter Budapest Treaty]. Article 10(7) (a) was amended on September 26, 1980 and entered into force on May 24, 1984. Budapest Treaty, *supra*, *Industrial Property* (July/Aug. 1990), compiled in LAWS AND TREATIES: MULTILATERAL TREATIES, WIPO Pub. 609(E), Text 2-004, n.[a].

the use of such organisms is necessary to put an invention into practice.⁴⁴ Instead, applicants can now use an International Depository Institution closer to home, such as the American Type Culture Collection.⁴⁵ Other than that biotechnology improvement, and despite China's promise to enhance enforcement of intellectual property rights, there has not been much improvement in China, although there is talk of setting up special courts to deal with intellectual property matters.⁴⁶

V. HONG KONG

Hong Kong will revert from British to Chinese sovereignty on July 1, 1997.⁴⁷ Under the terms of the agreement between China and the United Kingdom concerning this reversion, Hong Kong will remain a separate Special Administrative Region of China until at least 2047, and will retain a separate economic system during this period.⁴⁸ Under the

44. See David Hill & Judith Evans, *Chinese Patent Law: Recent Changes Align China More Closely with Modern International Practice*, 27 GEO. WASH. J. INT'L L. & ECON. 359, 364 n.34 (1994) (discussing the former Chinese law requiring a foreign applicant for a microorganism-related patent to deposit a sample of the microorganism at a depository institution in China on or before the date of publication).

45. The American Type Culture Collection is located in Maryland. Cheryl D. Hardy, *Patent Protection and Raw Materials: The Convention on Biological Diversity and its Implications for U.S. Policy on the Development and Commercialization of Biotechnology*, 15 U. PA. J. INT'L BUS. L. 299, 310 n.69 (1994).

46. See Hill & Evans, *supra* note 44, at 361 (stating that China has created Intellectual Property Divisions in its People's Courts to hear "patent, trademark, copyright (including computer software), licensing, and unfair competition cases").

47. See generally Daniel R. Fung, *Foundation for the Survival of the Rule of Law in Hong Kong—The Resumption of Chinese Sovereignty*, 1 UCLA J. INT'L L. & FOREIGN AFF. 283 (1997) (discussing whether Hong Kong's legal and social systems will survive the transition to Chinese sovereignty).

48. See Joint Declaration of the United Kingdom and the People's Republic of China on the Question of Hong Kong, Sept. 26, 1984, ¶¶ 3(1) (establishing Special Administrative Region), 3(5) (maintaining current social and economic system), 3(12) (stating that these policies will remain unchanged for 50 years), 23 I.L.M. 1366 (entered into force May 27, 1985) [hereinafter Sino-British Joint Declaration].

terms of the Basic Law⁴⁹ adopted in 1990 by China relating to the government of Hong Kong during this fifty-year transition period, “[t]he laws previously in force in Hong Kong, that is, the common law, rules of equity, ordinances, subordinate legislation and customary law shall be maintained, except for any that contravene this Law, and subject to any amendment by legislature of the Hong Kong Special Administrative Region.”⁵⁰ The law specifies that intellectual property rights will remain distinct from those of China throughout the transition period.

Following discussions between the United Kingdom and China in November, 1996—during which China agreed to the general proposals for Hong Kong’s post-unification intellectual property regime and to the specific proposal that Hong Kong continue to adhere to the Paris Convention and to the Patent Cooperation Treaty—the government of Hong Kong issued proposals for a revised patent law to be effective both before and after the return of Hong Kong to China.⁵¹ Under the proposed legislation, a quasi-registration system will continue to apply, as it was felt that attempting

49. *Id.* ¶ 3(12) (requiring these policies to be stipulated in a Basic Law); The Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China, April 4, 1990, 29 I.L.M. 1511 [hereinafter Hong Kong Basic Law].

50. Hong Kong Basic Law, *supra* note 49, art. 8.

51. On May 28, 1997, subsequent to the delivery of this Address, the Hong Kong Legislative Council passed the Patents Bill. *Hong Kong’s New Intellectual Property Laws: Status of New Legislation* (visited June 12, 1997) <<http://www.houston.com.hk/hkgipd/status.html>>. In addition to the provisions discussed in the Address, the law provides that a standard patent will have a right to compensation for unauthorized use after the existence of the Hong Kong application has been published, but before the grant of the patent. It is understood that it is likely that the proof of grant of the basic patent will have to be submitted within six months of its grant to be effective. The term of a standard patent will be a maximum term of 20 years from filing of the British, Chinese or European patent on which it is based, subject to the payment of renewal fees. Transitional provisions will be adopted by Regulation to provide means for protection of those who are entitled to register a patent in Hong Kong under the previous law but for whom the time limits under the new law have expired. *Hong Kong’s New Intellectual Property Laws: Summary, Patents Bill* (visited June 12, 1997) <http://www.houston.com.hk/hkgipd/ptnt_brif.html>.

to establish a full examination system in Hong Kong would not be justified. Initially, Hong Kong patents will be able to be based on already-granted British, European, and Chinese patents;⁵² after a transition period, however, registration will probably only be able to be based only on already-granted Chinese patents.⁵³ It has also been proposed that registration in Hong Kong will be confined to six months following the grant of the British, European, or Chinese patent.⁵⁴ In fact, it is likely that an initial application will have to be filed within six months of the earliest publication of a British, European, or Chinese application and then “completed” within six months of the grant of a patent on that British, European, or Chinese application. It also seems that, in order to base one’s Hong Kong patent on such a foreign patent, one will also have had to register the earlier publication of the British, European, or Chinese patent within six months of its publication.

Recognizing that delays in European or Chinese patent grants may raise certain difficulties, the draft now proposes adoption of a system of petty patents so that a patent would be able to be based on a convention priority claim of an application filed abroad and would give rise to protection in Hong Kong for a maximum duration of six years from the date of filing.⁵⁵ Petty patents will, however, be subject to the

52. Jeannie Smith, *Hong Kong Patent Bill Revises Existing Law, Charts Independent Course*, Pat., Trademark & Copyright L. Daily (BNA), at d5 (July 16, 1996).

53. *Id.*; *China, Britain Agree on IP Regime for Hong Kong Post-1997*, Pat., Trademark & Copyright L. Daily (BNA), at d3 (Jan. 5, 1996) [hereinafter *China, Britain Agree on IP Regime*].

54. See Smith, *supra* note 52, at d5 (“The six months requirement is an important change to the current procedure, which allows for re-registration up to five years after grant of the patent in the United Kingdom.”).

55. *Id.* at d5. According to the law passed on May 28, see *supra* note 51, short term patents are totally independent of any foreign patents and will give rise to protection in Hong Kong for a maximum duration of eight years from filing. They will be subject only to a formalities examination. Applications for such patents will, however, not be published or granted until the applicant files a search report from a designated searching authority. Additionally, in litigation,

preparation of a search report.⁵⁶ It appears that, under the current proposal, both a petty patent and a full term “registration” patent could be secured for the same invention,⁵⁷ although it would be confined to a single main claim and four subclaims.⁵⁸ Such petty patents will be granted without any examination as to novelty or inventive step.⁵⁹ The proposal must now be submitted to the legislative council for enactment.

At present, civil procedure in Hong Kong is modeled on that of the British courts. In principle, this model should continue for fifty years after Hong Kong reverts to Chinese rule. It should be noted, however, that China has already created difficulties regarding the new Hong Kong Final Court of Appeal, which will replace the Judicial Committee of the Privy Council in London as the final court of appeal for Hong Kong cases. China has resisted attempts to include more than one expatriate judge in this court and has also refused to allow the court to commence operation before the transfer of power, frustrating many observers’ hopes that the court could gain some experience before the final transfer of authority to China.

the owner of a short term patent is to bear the onus of proving that the patent is valid. As further protection against unjustified use of a short term patent, any defendant subject to a preliminary injunction under a short term patent is to be entitled to an early trial. Finally, the making of groundless threats of infringement of such a patent is to be subject to civil proceedings. *Hong Kong’s New Intellectual Property Laws: Summary, Patents Bill* (visited June 12, 1997) <http://www.houston.com.hk/hkgipd/ptnt_brf.html>.

56. *China, Britain Agree on IP Regime*, *supra* note 53, at d3.

57. Smith, *supra* note 52, at d5 (also noting another provision preventing double protection).

58. *China, Britain Agree on IP Regime*, *supra* note 53, at d3.

59. *Contra* Smith, *supra* note 52, at d5 (“It would appear that the same novelty and patentability requirements apply for the Short-Term Patent as those of the Standard Patent.”). The Registrar will not conduct a substantive search or examination, but will only carry out an examination as to formalities. *Id.* at d5; *China, Britain Agree on IP Regime*, *supra* note 53, at d3.

VI. KOREA

We now temporarily depart from Marco Polo's route—he returned to Europe by sea, traveling down the coast of China, through the Straits of Malacca, and across the Bay of Bengal to what is now Sri Lanka—and instead continue east to Korea. Korea has recently enacted a number of changes to its patent law⁶⁰ that become effective July 1, 1996.⁶¹ These changes are as follows:

(1) amending the definition of infringement to include offers for sale or lease of a patented article;⁶²

(2) removing products of nuclear transformations from the list of unpatentable inventions;⁶³

(3) providing for accelerated publication if the applicant so wishes;⁶⁴

(4) making the term of all patents in force on July 1, 1996 the longer of either twenty years from filing or the previous term granted;⁶⁵ and

(5) amending the procedure for a compulsory license application in certain circumstances,⁶⁶ particularly when the compulsory license is sought to remedy prior acts of an anti-competitive nature.⁶⁷ A further revision will take effect on July 1, 1997, when pre-grant opposition will be replaced by

60. Patent Act, *as amended by* Law No. 5080, Dec. 29, 1995 (Korea) [hereinafter Korea Patent Act], *reprinted in* 5 CURRENT LAWS OF THE REPUBLIC OF KOREA 3001 (Korea Legislation Research Institute ed., 1996).

61. Enforcement Decree of the Patent Act, *as amended by* Presidential Decree No. 15009, June 3, 1996 (Korea) (providing for the effective date of July 1, 1996 to apply to all but article 7(2), for which the effective date is December 7, 1996), *reprinted in* 5 CURRENT LAWS OF THE REPUBLIC OF KOREA, *supra* note 60, at 3051.

62. Korea Patent Act, *supra* note 60, art. 127.

63. *See id.* art. 32 (providing only that an invention is unpatentable if it disturbs public order or good custom, or is detrimental to the public sanitation).

64. *Id.* art. 64 (normal publication is eighteen months from date of application).

65. *Id.* art. 88.

66. Korea Patent Law, *supra* note 60, art. 107.

67. *Id.* art. 107(4).

opposition after grant (the opposition will have to be filed within three months of the grant).

VII. JAPAN

A. *Changes to Procedural Law*

There have been numerous changes in Japanese patent practice and procedure in the past few years. January 1, 1994 saw the entry of a number of important changes,⁶⁸ including a completely new Utility Model system which radically simplified the former Utility Model system by eliminating the substantive examination requirement in favor of a simple registration procedure.⁶⁹ There were also revisions to streamline the patent appeals process⁷⁰ and to institute more stringent requirements on the nature and permissible extent of amendments to a pending patent application.⁷¹ On July 1, 1995, pursuant to the GATT/TRIPs and the U.S.-Japan bilateral agreements,⁷² four changes were made.⁷³

68. See generally Nancy J. Linck & John E. McGarry, *Patent Procurement and Enforcement in Japan—A Trade Barrier*, 27 GEO. WASH. J. INT'L L. & ECON. 411, 427-29 (1994) (discussing the 1994 changes to Japanese patent law and applications).

69. 1994 Japan Patent Law, *supra* note 5, art. 29-2, at SA-A 20-23.

70. *Id.* art. 50, at SA-A 40-41.

71. *Id.* art. 17, at SA-A 9-11.

72. Japan-United States: Exchange of Letters Containing Patent Systems Agreement, Aug. 16, 1994, 34 I.L.M. 121 [hereinafter "Exchange of Letters"]; Japan-United States: Mutual Understanding on Patents, Jan. 20, 1994, 33 I.L.M. 313 [hereinafter "Mutual Understanding"]; see Stephen Lesavich, *The New Japan-U.S. Patent Agreements: Will They Really Protect U.S. Patent Interests in Japan?*, 14 WIS. INT'L L.J. 155 (1995).

73. JAPANESE PATENT OFFICE, *Revision of the Japanese Industrial Property Laws in 1994*, 20 A.I.P.P.I. : BIMONTHLY JOURNAL OF THE INTERNATIONAL ASSOCIATION FOR THE PROTECTION OF THE INDUSTRIAL PROPERTY OF JAPAN 67 (March 1995) [hereinafter A.I.P.P.I. J.] (noting the primary purpose of the amendments was to implement the TRIPs agreement); Shusaku Yamamoto, *Japan: Landmark Pro-Patent Changes in Japanese Patent Laws*, [1995] 5 IPASIA: INTELL. PROP., MARKETING & COMM. L. at 8 (concluding the new patent law "looks set to help achieve a greater level of international harmonization in patent law by fulfilling Japan's obligations to implement the TRIPs agreement and by facilitating the January 20 1994 Japan-US agreement for acceptance of English-language patent applications.").

First, the manner of computing the patent term was simplified to run twenty years from the date of filing.⁷⁴ Patent terms for inventions relating to pharmaceutical or agricultural inventions subject to pre-marketing regulatory approval may be extended a maximum of five years. Under the old law, the term of a Japanese patent was fifteen years from the *kokoku* publication—that is, from the date on which the patent office published the application, post-examination but pre-grant, to allow third parties to oppose the pending application—subject to a proviso that the duration should not exceed twenty years from the filing date.⁷⁵

Second, English language filings are now permitted on non-PCT applications,⁷⁶ such applications are subject to filing a Japanese translation within two months.⁷⁷ For PCT applications, the Japanese text must still be filed twenty or thirty months from the priority date, but correction of the translation will now be permitted.⁷⁸

Third, the changes ease bars to both the correction of translations and the timing of the submission of amendments in pending cases, which will now be permitted at any time up to response to the first action.⁷⁹ Previously, the time frame was limited to within fifteen months of filing or when

74. Patent Law, Law No. 121 of Apr. 13, 1959, *as amended by* Law No. 116 of 1994 (Japan) (entered into force July 1, 1995) [hereinafter 1995 Japan Patent Law], ¶ 67(1), *reprinted in* 21 A.I.P.P.I. J. 26, 26; JAPANESE PATENT OFFICE, *supra* note 73, ¶ 2.1(1).

75. 1994 Japan Patent Law, *supra* note 5, art. 67(1), at SA-A 56.

76. JAPANESE PATENT OFFICE, *supra* note 73, ¶ 2.1(7).

77. *Id.*, ¶¶ 3.1.2(1) (English application system requires Japanese translation within two months), 3.1.3 (PCT application system same as English application system for corrections of mistranslations).

78. Yamamoto, *supra* note 73, at 11; JAPANESE PATENT OFFICE, *supra* note 73, ¶ 3.1.2(2) - (3). Under Chapter I of the PCT, an applicant who does not request an international preliminary examination must file within twenty months of the priority date. PCT, *supra* note 9, art. 22(1). Under Chapter II of the PCT, an applicant who does request such an examination, however, has thirty months to file. *Id.* art. 39(1)(a).

79. JAPANESE PATENT OFFICE, *supra* note 73, ¶¶ 3.1.2(2) (mistranslation), 3.3.2 (amendment).

requesting examination.⁸⁰ Finally, patents which lapsed for non-payment of taxes may now be restored.⁸¹

Pursuant to a bilateral agreement with the U.S.,⁸² these GATT/TRIPs changes were followed on January 1, 1996 by the abolition of the former opposition scheme in favor of a post-grant system like that in the EPO.⁸³

Despite attempts to streamline operations—the Japanese Patent Office is by far the closest to operating an all-computer, paperless office, due to the vast number of applications with which it is confronted⁸⁴—the Japanese Patent Office really has no alternative to operating a deferred examination system. Under the present Japanese system, an applicant has seven years from the filing of a patent applica-

80. *Id.*, ¶ 3.3.1.

81. 1995 Japan Patent Law, *supra* note 74, ¶ 112bis, 21 A.I.P.P.I. J., *supra* note 74, at 39; JAPANESE PATENT OFFICE, *supra* note 73, ¶ 3.4.2.

82. Exchange of Letters, *supra* note 72.

83. 1995 Japan Patent Law, *supra* note 74, ¶ 113, at 40; JAPANESE PATENT OFFICE, *supra* note 73, ¶ 3.2.

84. Nearly five times as many applications are filed annually in Japan as in the United States. See Macedo, *supra* note 11, at 575 (stating that the United States prosecutes 130,000 applications yearly; Japan, over 600,000). This flood of patent applications is attributable to both legal and cultural reasons. First, Japanese law grants patentability to relatively minor improvements in technology, because courts generally interpret claims narrowly. See *infra* notes 108-10 and accompanying text. Second, Japanese patents tend to have only one independent claim; thus, the material covered by one U.S. patent application would be filed in several Japanese applications. Macedo, *supra* note 11, at 573 n.154. Third, according to one commentator:

The people in large Japanese corporations who file patent applications basically work on a quota system. The more patents you file, the more you get paid, and the more you get promoted. The key criteria is not necessarily how good the patent or the technology is, but how many patents you file. More is better because the Japanese attitude toward what a patent does is different. The Japanese believe that a patent is a trading chip. The more patents you have, the more leverage you have to negotiate with somebody else to cross-license their technology to you. . . . Thus, there are different attitudes between the United States and Japan.

Emery Simon, *Trade Law and Innovation: Section 301 of the Trade Act and its Effect on Counterfeiting of U.S. Technology; Current and Possible Effect of NAFTA and GATT Intellectual Property Provisions*, 21 CAN.-U.S. L.J. 75, 76 (1995).

tion to request examination.⁸⁵ Even after an examination is requested, there may still be delays of several years before the examination is completed. These delays have been the focus of much criticism in recent years and Japanese examination procedures were modified in 1994 in an attempt to speed up the examination process. These modifications, however, will come at the cost of a significant reduction in the applicant's ability to amend the application so as to deal with objections made during examination. Thus, for cases governed by the new law, applicants will find it difficult to make any amendments after responding to the first set of official objections;⁸⁶ it is expected that the application of the new law will be more restrictive than was the case with the old law, which allowed changes that did not affect "the gist" of the application. Japan is also considering reducing the period during which examination may be requested from the present seven-year term to a three-year term, as was proposed in the Patent Harmonization Treaty⁸⁷ and as is the law in some other Asian countries.

B. *Changes in Substantive Law and Patent Office Guidelines*

Turning now to substantive issues of Japanese patent law, the definition of "invention" is a broad one. Under Article 2(1) of the Japanese law, an invention is defined as the highly advanced creation of technical ideas utilizing natural laws.⁸⁸ This broad definition is, however, qualified both by Article 29, which provides that only inventions useful in industry are patentable,⁸⁹ and by Article 32, which precludes

85. 1995 Japan Patent Law, *supra* note 74, ¶ 48ter(1).

86. Yamamoto, *supra* note 73, at 12 (also noting the provision's July 1, 1995 effective date).

87. World Intellectual Property Organization ("WIPO"), Draft Treaty Supplementing the Paris Convention for the Protection of Industrial Property as far as Patents Are Concerned, WIPO Doc. PLT/DC/3 (Dec. 21, 1990).

88. 1995 Japan Patent Law, *supra* note 74, ¶ 2(1), at 3.

89. *Id.* ¶ 29(1), at 11.

the grant of patents for certain types of inventions.⁹⁰ Although Japan removed prohibitions on the grant of patents for chemical products and medicines in 1975,⁹¹ the law still specifically proscribes the grant of patents for inventions that are likely to harm public order, good morals or public hygiene.⁹² On their face, these limitations are fairly innocuous. However, the combination of these requirements has resulted in the Japanese Patent Office's refusing to grant patents for inventions relating to new medical treatments,⁹³ methods of typhoon control (on the grounds that the cost of implementing the method was too high for it to be industrially applicable), business methods, biological methods of breeding new plants or animals,⁹⁴ and computer programs as such. To a significant extent, the effect of the first of these

90. *Id.* ¶ 32, at 12 (precluding from patentability "inventions liable to contravene public order, morality or public health").

91. See Suresh Koshy, *The Effect of TRIPs on Indian Patent Law: A Pharmaceutical Industry Perspective*, 1 B.U. J. SCI. & TECH. L. 4, ¶ 14 (1995) ("Japan included pharmaceutical product patents only as of 1976") (citing Robert H. Hammer III, *An Overview of Foreign Patent Practice*, C909 ALI-ABA 129 (May 5, 1994)). Before 1975, patent law protected processes for making pharmaceuticals, but not the pharmaceuticals themselves. *Id.* ¶ 51; *Drug Discovery in Japan*, MARKETLETTTER, Jan. 6, 1992, at 1.

92. 1995 Japan Patent Law, *supra* note 74, ¶ 32, at 12. Effective July 1, 1995, the prohibition on protection for substances manufactured by transformation of the atom has been repealed. JAPANESE PATENT OFFICE, *supra* note 73, ¶ 2.1(2).

93. JAPANESE PATENT OFFICE, EXAMINATION GUIDELINES FOR PATENT AND UTILITY MODEL IN JAPAN 3 (1994); see Joel J. Garris, *The Case for Patenting Medical Procedures*, 22 AM. J.L. & MED. 85, 105 (1996); William D. Noonan, *Patenting Medical and Surgical Procedures*, 77 J. PAT. & TRADEMARK OFF. SOC'Y 651, 655 (1995).

94. See June Starr & Kenneth C. Hardy, *Not by Seeds Alone: The Biodiversity Treaty and the Role for Native Agriculture*, 12 STAN. ENVTL. L.J. 85, 102 (plants generally not patentable in Japan) (citing ROBERT P. BENKO, PROTECTING INTELLECTUAL PROPERTY RIGHTS 44 (1987)). The Japanese Patent Office does not, however, unilaterally refuse to grant patents on plants or animals. J. Benjamin Bai, *Protecting Plant Varieties under TRIPs and NAFTA: Should Utility Patents Be Available for Plants?*, 32 TEX. INT'L L.J. 139, 152 n.111 (1997) (noting the JPO's 1975 examination standards for new plant varieties and the process of producing them); Elisabeth T. Jozwiak, *Worms, Mice, Cows and Pigs: The Importance of Animal Patents in Developing Countries*, 14 J. INTL. L. BUS. 620, 627 (1994) (discussing Japan's receptiveness to patenting animal life forms); Brian C. Cunningham & Joyce C. Chow, *The Biotechnology Industry in Japan: A Framework for Entry*, 7 J. PROPRIETARY RTS. 13 (1992).

prohibitions has been mitigated by the willingness of the patent office to accept so-called medicine claims of the type “Medicine X for use in treating disease Y,” where the only novelty lies in the use of X to treat Y. As with the European Patent Office’s improvisations to deal with the same issue, many purists are unhappy with what they see as an artificial solution to the problem.

Perhaps as important as the legal changes are the recent revisions to patent office guidelines, which were issued in the summer of 1993 (“1993 Guidelines” or “Guidelines”).⁹⁵ Three aspects are of particular interest. First, the Guidelines specifically address Article 29(2) of the Japanese Patent Law, which prohibits the grant of a patent when an invention is such that it could easily have been made prior to the filing of the patent application.⁹⁶ The Guidelines explain that this prohibition is based on the acts (other than an earlier unpublished application) that could destroy novelty by a person having an ordinary knowledge in the technical field to which the invention pertains. The Japanese Patent Office Commentary on the Act interprets the provision to mean that a patent should only be granted for an improved invention showing remarkable progress over the prior art in terms of its purpose, constitution or effect. As a practical matter, the standard of obviousness applied by the Japanese Patent Office does not seem to differ greatly from the standards applied in the United States or Europe, although occasional problems do occur, especially with inventions of a type where actual demonstration of “progress” is difficult, as where one has a new approach to an old problem.

Second, the Guidelines are interesting because they provide a definition of inventive step. The Guidelines now specifically require that for rejection on the ground of lack of inventive step, the examiner must provide logical reasons why

95. See generally Kenji Asai, *English Translation of New Examination Standard Concerning Organism-Related Inventions*, 23 PAT. & LICENSING 7 (1993).

96. See 1995 Japan Patent Law, *supra* note 74, ¶ 29(2), at 11.

a person skilled in the art could easily have made the claimed invention. The Guidelines specify that the logical reasoning in question must be primarily based, first, on whether there is a motivation in the cited reference towards the claimed invention and, second, on whether any advantageous effects are secured over the prior art.

Third, the 1993 Guidelines are interesting in the area of patentability of computer software-related inventions.⁹⁷ Here, the Japanese Patent Office had taken the lead, issuing an Examination Standard for Computer Program Related Inventions as long ago as April, 1971. This standard focused on Article 2, which requires that, to be patentable, a law of nature—which the standard contrasts with laws of man, such as the rules of chess—must be used to produce a creation of technical ideas.⁹⁸ This approach was re-emphasized in the 1993 guidelines and is similar to the EPO's approach of whether there is a technical problem to be solved. The Japanese standard requires that the *shuko no inga kankei*, roughly translated as “the technique's cause and effect relationship,” be based on a physical law of nature for the software to be patentable. Merely because the invention is expressed as an algorithm, patentability is not precluded.⁹⁹

97. On February 27, 1997, subsequent to the delivery of this Address, the Japanese government released new examination guidelines for computer-related inventions. See *Japan: New Examination Guidelines Released for Computer-Related Inventions*, Pat. Trademark & Copyright L. Daily (BNA), at d3 (Mar. 24, 1997). The new guidelines, which apply only to software-related applications filed on or after April 1, 1997, “accept computer program product type claims or storage medium type claims as statutory inventions, contrary to the previous practices where a computer program product type claim was not considered a statutory subject matter.” *Id.*

98. See 1995 Japan Patent Law, *supra* note 74, ¶ 2(1), at 3 (maintaining the requirement).

99. See Michael L. Doane, *TRIPs and International Intellectual Property Protection in an Age of Advancing Technology*, 9 AM. U. J. INT'L L. & POL'Y 465, 487 (1994) (“Japan has also taken the unique step of granting patents for algorithms, the basic building blocks of computer programs; a step some argue the United States should take.”) (citing Daniel Garner, *Intellectual Property in the Uruguay Round*, 3 INT'L LEGAL PERSP. 51, 61 (1990); Donald S. Chisum, *The Patentability of Algorithms*, 47 U. PITT. L. REV. 959, 1020 (1986)).

The 1993 Guidelines seek to apply this definition to computer-related inventions. According to the Guidelines, the following types of inventions are patentable:

(1) utilization of a law of nature in information processing performed by the software—including computer control of apparatus used for other purposes, operations controlling the computer itself, video image processing, transmission error detection, and methods of generating and displaying certain symbols; and

(2) inventions using hardware resources—including a command-input method by higher hierarchical menu selection and methods of converting Japanese phonetic letters into Chinese characters.

The Guidelines specifically provide that an invention which uses no law of nature and no hardware resources is not patentable, and give as examples of unpatentable subject matter arithmetical methods and sales estimation methods.

Interrelated with the question of statutory subject matter is the question of inventive character. The 1993 Guidelines indicate that software will not ordinarily result in an invention of sufficiently inventive character to be patentable if the invention is: (1) a mere application of procedures or means for realizing functions of an invention in other applications, (2) a simple addition or replacement by ordinary systematizing means, (3) a mere realization of functions in hardware by way of software, or (4) a mere computerization of clerical work in business systems. The Guidelines further indicate that program languages are not patentable.

The position on biotechnology inventions in Japan is still not entirely clear.¹⁰⁰ While the patent law does not preclude

100. *But see Hearings on Patents and the Constitution: Transgenic Animals Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary, 100th Cong., 1st Sess. 148 (1987) [hereinafter Patent Hearings]* (statement of Robert P. Merges, Professor, Columbia School of Law) (suggesting that that Japanese government has officially targeted biotechnology as major national priority, foreshadowing that Japan will become a “formidable

the grant of patents in this area, the existence of a Plant and Seedlings Law administered by the Ministry of Agriculture, Forestry and Fisheries has inhibited action by the Japanese Patent Office in this area. The 1993 Guidelines do, however, address biotechnology inventions;¹⁰¹ the major features of the Guidelines include:

(1) clarifying that, where access to a deposit is necessary in order to enable one skilled in the art to practice the invention, that deposit must have been made with an international depository before the filing of the Japanese application and the deposit number must be recited in the patent application as filed, and further clarifying that, in order to secure priority from a foreign application in which a microorganism is mentioned, the microorganism must have been deposited prior to the filing of the priority-founding application and the deposit number must be mentioned in the priority-founding application itself;

(2) requiring claims to microorganisms to indicate a suitable taxonomic name and a description of the microbiological properties sufficient to characterize the microorganism;

(3) applying similar provisions to patents relating to plants and seeds;

(4) applying to animals provisions similar to those applied to microorganisms and plants, but noting the Japanese law precluding the granting of patents for anything that contravenes public order, morality, or public health.¹⁰² The Guidelines, however, fail to indicate when this prohibition might come into effect, leaving this question for subsequent consideration by an appeal board or court. The Guidelines

global presence" in the biotechnology industry); see also Michael E. Sellers, *Patenting Nonnaturally Occurring, Man-Made Life: A Practical Look at the Economic, Environmental, and Ethical Challenges Facing Animal Patents*, 47 ARK. L. REV. 269, 286 (1994) ("Japan has made biotechnology a national priority") (citing *Patent Hearings, supra*, at 136).

101. Peter F. Corless, *Recombinant DNA Inventions After Fiers*, 16 HOUS. J. INT'L L. 509, 527 (1994).

102. See 1995 Japan Patent Law, *supra* note 74, ¶ 32, at 12.

do, however, clarify that humans are excluded from patentability;

(5) establishing the requirements for claiming novel genes. In principle, genes should be defined by means of the amino acid sequence for which they code, if that amino acid sequence is novel. In exceptional cases, genes may be definable by a combination of function and physical properties, such as molecular weight, physical and chemical properties, or origin, if the actual nucleotide sequence of the gene or its amino acid sequence cannot be determined. The Guidelines also give some guidance as to when new genetic inventions may be regarded as involving an inventive step. In principle, the Guidelines indicate that where a gene codes for a known protein, even if the amino acid sequence of the protein is not known, there may not be an inventive step, unless there was some reason the amino acid sequence could not have been determined or that the DNA being claimed has some advantage over other DNA coding for the same protein. In the latter case, however, note that the DNA presumably would have to be defined by its nucleotide sequence.

C. Recent Japanese Case Law

1. The Aluminum Wheel Case

Two recent decisions of the Tokyo High Court are also of interest. The first is *Jap Auto Products Kabushiki Kaisha & Anor v. BBS Kraftfahrzeug Technik* (the Aluminum Wheel case),¹⁰³ in which the Tokyo High Court held that importa-

103. *Jap Auto Products Kabushiki Kaisha & Anor v. BBS Kraftfahrzeug Technik*, Tokyo High Court, AG No. 3272 of 1994, March 23, 1995. The case was extensively discussed and analyzed in Shusaku Yamamoto, *Japan: Parallel Imports Do Not Constitute Patent Infringement*, [1995] 4 IPASIA: INTELL. PROP., MARKETING & COMM. L. at 29. A full English translation of the judgment was published in *Parallel Imports Do Not Infringe Patent Rights in Japan*, 85 SUZUYE REPORT 1 (Aug. 1995) (Japan Patents and Trademarks) (noting that the case is pending before the Supreme Court).

tion into Japan of a wheel purchased from the owner of the corresponding patents in Germany and Japan did not infringe¹⁰⁴ the Japanese patent on the product. The Tokyo High Court concluded that the patentees' rights had been exhausted by the sale of the product in Germany. The patent, therefore, could not be asserted in Japan against a subsequent purchaser who derived title from an initial purchaser, who had himself derived title from the owner of the patent. The idea of domestic exhaustion of rights is well established in Japanese law. This case, however, seems to be the first in which the Japanese courts have adopted the concept of international exhaustion of patent rights. The court reasoned that the sale of a patented product by the patentee extinguished any patent rights relating to that product because the patentee included additional compensation for disclosure of the invention in the price charged for the product. The patentee should, however, be given only one such chance to obtain such additional compensation. The *Aluminum Wheel* court commented that if there were some constraints on the price that the patentee could charge—for example, national price control or compulsory licensing—then the right certainly would not be exhausted by such a sale. The court noted that the purpose of the Japanese patent law was to encourage both inventions and their utilization, and that a balance had to be struck between the public interest and the proprietor's interest in such situations. However, the court noted that no rational reason can be found why dual chances to secure the patentee recovery of compensation for public disclosure of this invention should be granted

104. Judicial relief in Japan for patent infringement varies greatly. Japanese law may impose criminal sanctions on a patent infringer, the maximum penalty for which is five years of hard labor or a fine of up to 5,000,000 yen. 1995 Japan Patent Law, *supra* note 74, ¶ 196(1), at 73. More common relief, however, includes: an injunction, *id.* ¶ 100(1), at 35, destruction of the infringing articles and removal of the facilities used to infringe, *id.* ¶ 100(2), at 35, the infringer's profits, *id.* ¶ 102(1), at 36, restitution of the patent owner's lost profits, *id.* ¶ 102(2), at 36, and measures to restore the business reputation of the patentee, *id.* ¶ 106, at 36.

merely because initial distribution was made across a national border.¹⁰⁵

It remains to be seen what the full impact of the case may be, as the court did not address the issue where goods were put on the market by the proprietor in situations where there was no patent in the country of origin or where the patent had already expired in the country of origin. It may, therefore, be possible to read the case as being confined only to the situation in which the patentee seeks “two bites of the apple,” but this remains to be seen. The case has caused considerable discussion in interested circles; it has even been suggested that legislation be introduced to effectively reverse the decision. In view of the current political state in Japan, however, such legislation seems unlikely. The uncertainty caused by this decision is likely to be with us for a while, although the decision is likely to be reviewed by the Japanese Supreme Court.

2. *THK Co. v. Tsubakimoto Precision Products Co.*

The second case of interest is *THK Co. v. Tsubakimoto Precision Products Co.*,¹⁰⁶ which addressed the issue of the proper scope of patent claims in Japan. Traditionally, such claims have been construed literally—sometimes even as narrowly as the specific embodiments described.¹⁰⁷ The lat-

105. *Parallel Imports Do Not Infringe Patent Rights in Japan*, *supra* note 103, at 4.

106. Case No. 1991 (gyo-ne) 1627 (Feb. 3, 1994), *reprinted in* 26 INT'L REV. INDUS. PROP. & COPYRIGHT L. 683 (1995); *see also* John R. Thomas, *Litigation Beyond the Technological Frontier: Comparative Approaches to Multinational Patent Enforcement*, 27 L. & POL'Y INT'L BUS. 277, 288 (1996) (discussing the THK decision); Marvin Motsenbocker, *Proposed Changes to Japanese & United States Patent Law Enforcement Systems*, 3 PAC. RIM LAW & POL. J. 389, 435 (1995).

107. William C. Revelos, *Patent Enforcement Difficulties in Japan: Are There any Satisfactory Solutions for the United States?*, 29 GEO. WASH. J. INT'L L. & ECON. 503, 521 (1995) (“It is argued that Japan has the strictest system of claim interpretation of any of the leading industrial countries.”); GEN. ACCT. OFF., INTELLECTUAL PROPERTY RIGHTS: U.S. COMPANIES’ PATENT EXPERIENCES IN JAPAN 64 (1993) [hereinafter GAO REPORT]; Macedo, *supra* note 11, at 559.

ter practice, however, is sometimes justified as a means for interpreting the claims so as to maintain their validity when there is close prior art.¹⁰⁸ A decade or so ago, there was a brief period when the Osaka court seemed ready to construe claims more liberally, but this period ended with the retirement of the judge who had been the prime mover for liberal construction. Now the Tokyo High Court has taken a step in this direction.

In the *THK* case, after asserting that claims generally should be construed strictly so as to ensure legal certainty, the court indicated that there could be exceptions to this general rule if: (1) the alleged infringement and the claimed invention solve the same problem by using the same basic technical idea, (2) no significant effects arise from the differences between what is claimed and the alleged infringement, and (3) given the state of the art at the filing of the application giving rise to the patent in suit, one skilled in the art would have no difficulty substituting a feature of the alleged infringement for a feature of the invention as claimed.

VIII. TAIWAN

It is worth noting that Taiwan is taking steps to establish special courts to deal with intellectual property matters. It is

108. Revelos, *supra* note 107, at 521 (“The practice of narrowly interpreting claims ‘enables companies [that do not choose to file incrementally different patent applications] to make minor changes to other companies’ patented products or processes without being found to infringe on them.’”) (quoting GAO REPORT, *supra* note 107, at 65); Simon, *supra* note 84, at 76 (“[T]he narrow scope of patent protection practiced by the Japanese permits people to invent around the basic invention and everybody gets a share of it.”); Casey P. August & Michael J. Buchenhorner, *Strategies for Developing Intellectual Property Portfolios in the Global Environment: Protection of Intellectual Property in Hostile Environments*, 21 CAN. U.S. L.J. 261, 270 (1995) (“In some cases, perhaps most notably in Japan, the Patent Office will issue patents on minor improvements over an already patented invention.”). Japan’s practice of granting new patents on relatively minor improvements has generated criticism in United States. See 134 CONG. REC. 59,909 (daily ed. July 26, 1988) (statement of Sen. Rockefeller); *id.* at 59,910 (statement of Sen. DeConcini).

also worth noting that the provisions in the 1994 law¹⁰⁹ permitting the grant of claims to priority for applications based on applications first filed abroad¹¹⁰ under conditions analogous to those of the Paris Convention¹¹¹ have resulted in agreements with Australia, Germany, Switzerland, and Japan permitting priority claims to be made for applications first filed by nationals of those countries.¹¹² Discussions with the United States have continued for a long time, but were reported by the Taiwan press to have been completed on April 10, 1996.¹¹³ An enquiry to the Taiwan Patent Office confirmed that a Memorandum of Understanding on this issue had been signed, but produced no further details of the contents or effective date of the agreement. It thus remains unclear whether other issues discussed include the granting of microorganism patents.¹¹⁴ Taiwanese law ties the grant-

109. Taiwan's patent law was last amended on Jan. 23, 1994. Miles Liao & Robin J. Winkler, *Taiwan: Proposed Amendments to the Patent Law*, [1995] 5 IPASIA: INTELL. PROP., MARKETING & COMM. L. 37, 39.

110. *Id.* at 37 (stating that, absent Taiwan's accession to the WTO, foreign nationals can obtain these rights only if their country has entered into a bilateral agreement with Taiwan).

111. *See id.* (discussing the specific changes proposed).

112. *Taiwan/U.S. Agreement Permits Claim to Priority Based on U.S. Filing Date*, Pat. Trademark & Copyright L. Daily (BNA), at d3 (June 25, 1996) [hereinafter *Taiwan/U.S. Priority Claim Agreement*].

113. Akim F. Czum, *Biotechnology Protection in Japan, The European Community, and the United States*, 8 TEMP. INT'L & COMP. L.J. 435, 453 (1994)(length of negotiations); *Taiwan/U.S. Priority Claim Agreement*, *supra* note 112, at d3 (completion of talks).

114. Subsequent to the delivery of this Address, further information became available. Additional issues covered in the agreement include: (1) the right of U.S. nationals to file patent claims directed to microorganisms *per se* (a right which, until Taiwan is admitted to the WTO, was reserved under the 1994 Patent Law to nationals of countries granting reciprocity to Taiwan on this issue). *Taiwan-U.S. Priority Claim Agreement*, *supra* note 112, at d3. ("According to Article 21 of the Patent Law, microorganism *per se* inventions are patentable."). It is, however, necessary to make a deposit of such an organism in a domestic depository organization in Taiwan unless the microorganism can easily be obtained by those skilled in the art. *Id.* United States nationals have a right to secure an extension of a product or process patent for a pharmaceutical or agrichemical product for a maximum of five years to compensate for regulatory delays before a product is permitted to be marketed. *Id.* To qualify for such an extension, the patent in question must be based on an application filed on or after January 23, 1994, the

ing of such patents to Taiwan's acceptance as a WTO member¹¹⁵—an acceptance which seems likely to be delayed as it is tied to the acceptance of the PRC into that organization—and the issue of granting extensions for pharmaceutical and agrichemical patents has been resolved.

As previously discussed, section 57(1)(6) of the 1994 patent law is deliberately ambiguous on the question of whether Taiwan's first sale doctrine applies only to goods originally sold in Taiwan or also includes goods first sold by the patentee outside the country. Taiwanese commentators have indicated that they believe that Taiwanese courts will be influenced by the Tokyo High Court decision in the *Aluminum Wheel* case discussed above.¹¹⁶

IX. THAILAND

Similar provisions permitting the granting of reciprocity, irrespective of Paris Convention membership, have also been implemented in Thailand to permit priority claims for applications originating in Japan, Switzerland, Spain, and Korea. These provisions, however, are not yet applicable to patent applications from any other countries.¹¹⁷ Whether this constitutes a breach of Article 4 of the GATT/TRIPs agreement, which requires most favored nation treatment for all WTO members, has not yet been resolved.

X. VIETNAM

While we are in the northern part of Southeast Asia, we

date on which the current law came into effect, and the application for extension must be filed within three months of the grant of government approval to market the product and at least six months prior to the normal expiration date of the patent to be extended. *Id.*

115. Liao & Winkler, *supra* note 109, at 37.

116. See *supra* text accompanying notes 103-04.

117. Subsequent to the delivery of this Address, Thailand implemented an agreement with the United States, effective January 1, 1997, to enable U.S. nationals to claim priority in Thailand.

should note that Vietnam is considering revising its patent law to introduce deferred examination and early publication.¹¹⁸ It will probably adopt a three-year term from the date of filing as the term within which examination will have to be requested. The present thinking is that publication should occur six months after the date of filing, but representations have been made that this should be no earlier than eighteen months from the claimed priority date.¹¹⁹

XI. MALAYSIA

Long-awaited amendments to Malaysian patent law finally came into effect on August 1, 1995.¹²⁰ The most important amendment clarified that an absolute novelty standard applied to both patents and utility models.¹²¹ A one-year grace period was, however, maintained.¹²²

Another amendment provides for deferral of examination of a Malaysian patent application.¹²³ Previously, the term within which substantive examination had to be requested was eighteen months from the date of filing; as a result of the 1995 amendment, the term is now two years from

118. For an excellent discussion of patent law in Vietnam, see Rory J. Rad-
ding & H. T. Than, *Patent Protection in Vietnam: A Business Decision*, 8 TRAN-
SNAT'L LAW. 87 (1995).

119. Subsequent to the delivery of this Address, Vietnam established the
term of a patent as 20 years from the application's filing date and adopted a de-
ferred examination system. Decree 63/CP. Further details, however, were left to
be defined by additional regulations that have not been issued as of June 1997.

120. Patents Act 1983, Act 291, *as amended by* the Patents (Amendment) Act
1993 (Act A863) (Malaysia) [hereinafter Malaysia Patents Act], *Industrial Property
and Copyright* (Apr. 1996), compiled in INDUSTRIAL PROPERTY LAWS AND TREATIES,
WIPO Pub. No. 609(E), Text 2-001 at 001.

121. *Id.* §§ 17, at 007 (defining utility innovation as "new" and including "an
invention"), 17A(1), at 007 (unless specified otherwise, all sections apply to util-
ity innovations as they do to inventions), 17A(2), at 007 (listing the exceptions—
§§ 11, 15, 16, Part X, and §§ 89 and 90—referred to in 17A(1)), § 14, at 007 (defin-
ing "new" in absolute terms).

122. Malaysia Patents Act, *supra* note 120, at 001 n.[a] (citing section 48 of
Act A863).

123. *Id.* § 29A(6), at 010.

the date of filing.¹²⁴

This new procedure follows Australia's lead in providing the alternatives of normal or modified substantive examination.¹²⁵ If the applicant opts for modified substantive examination, a certified copy of a patent granted on a corresponding application in the European, U.S., U.K., or Australian patent offices must be supplied.¹²⁶ If no such patent has issued by the end of the two-year period in which to request examination, the applicant can request that examination be deferred for up to four years from the filing date.¹²⁷ If requesting modified substantive examination, one must amend the Malaysian application into substantial conformity with the patent on which it is based.¹²⁸

If requesting normal substantive examination, one must provide the Malaysian Patent Office, at the time of the request, with details of the publication of any corresponding application in the U.S., European, U.K., or Australian Patent Offices application and copies of any search reports issued in any of these jurisdictions.¹²⁹ If this information is not available, a one-year delay in submitting it may be requested.¹³⁰ If the applicant can show the grant of a patent for the same invention by the U.S., U.K., Australian, or European patent

124. Patents Act 1983, Patents (Amendment) Regulations 1995 (Malaysia), ¶ 14 [hereinafter 1995 Malaysia Patent Regulations] (amending regulation 27 by substituting new regulation 27(1)).

125. *Id.*, new regulations 27 (substantive examination), 27A (modified substantive examination).

126. *Id.*, regulation 27A(3) (a), at 11.

127. Malaysia Patents Act, *supra* note 120, § 29A(6) (establishing the right to request deferral); 1995 Malaysia Patent Regulations, *supra* note 124, reg. 27B(2) (b), at 14.

128. 1995 Malaysia Patent Regulations, *supra* note 124, reg. 27D(2), at 17.

129. Malaysia Patents Act, *supra* note 120, § 29A(4) (allowing the Registrar to impose these conditions); 1995 Malaysia Patent Regulations, *supra* note 124, reg. 27 (3), at 7-9.

130. Malaysia Patents Act, *supra* note 120, § 29A(6)(b) (allowing the Registrar to grant deferral on these terms); 1995 Malaysia Patent Regulations, *supra* note 124, reg. 27B (2) (c), at 14 (providing for a maximum deferment of three years from filing).

offices, there are normally few problems in securing a Malaysian patent. If no patent has been granted in such a jurisdiction, however, and a search report from one of these jurisdictions shows an "X" or "Y" reference,¹³¹ argument and/or amendment will be required to secure grant of the patent.

The factors relating to a decision on whether to request normal or modified examination in Malaysia are similar to those in Australia. However, in Malaysia there is much less historical precedent for construing English-style claims, so it is possible that the prejudice against American-style claim drafting that seems to exist in Australia will be less of a problem in Malaysia. One point worth bearing in mind is that Malaysian rules on unity of invention are not the same as those in the United States; by opting for modified examination where multiple patents have issued in the United States, therefore, one may be unnecessarily committing oneself to the grant of multiple patents in Malaysia.

XII. SINGAPORE

Singapore has enacted a new patent law, which became effective February 23, 1995.¹³² The new law replaces the previous system of registration of either a U.K. patent or a

131. An "X" reference indicates that the patent searcher has found a direct hit, while a "Y" reference indicates that the searcher has found prior art making the applicant's claimed invention obvious. See James R. Cartiglia, *The Patent Cooperation Treaty: A Rational Approach to International Patent Filing*, 76 J. PAT. & TRADEMARK OFF. SOC'Y 261, 275 n.41 (1994).

132. Patents (Compulsory Licensing) Act (Chap. 221), 1970 Ed. Cap. 196, Act 12 of 1968, as amended by 1995 Ed. Cap. 221 (Singapore) [hereinafter Singapore Patent Act], reprinted in 9 THE STATUTES OF THE REPUBLIC OF SINGAPORE (1996); see Murgiana Haq, *Singapore: New Patent Laws to Take Effect*, [1995] 1 IPASIA: INTELL. PROP., MARKETING & COMM. L. 29 (discussing changes introduced by the new Patents Act 1994 and the Patent Rules promulgated under the 1994 Act); Gladys G. Mirandah & Soh Kar Liang, *The New Singapore Patents Act 1994*, MANAGING INTELLECTUAL PROPERTY: PATENT & DESIGN YEARBOOK 69 (discussing the new Singapore Patents Act 1994 and the Patent Rules 1995, both of which came into force on Feb. 23, 1995); Teresa Hangchi, *Changes to Patent Law*, MANAGING INTELL. PROP., Mar. 1995, at 11.

European patent designating the U.K. There are some fairly elaborate transitional provisions. Furthermore, until a cadre of examiners has been established in Singapore, examination will, in fact, be carried out by examiners at the Australian or Austrian patent offices.¹³³ Further amendments to the law are expected later this year in connection with Singapore's adherence to the GATT/TRIPs Agreement.¹³⁴

The principal features of the new law are as follows:

(1) The definition of protectable subject matter is essentially the same as that of the European Patent Convention;¹³⁵

(2) Novelty will be assessed on a worldwide basis regarding both publication and use.¹³⁶ Furthermore, the entire contents of any prior-filed Singapore application will be destructive of novelty of an application having a later filing or, where relevant, priority date;¹³⁷

(3) The term of a Singapore patent will be twenty years from the date of filing.¹³⁸ Maintenance fees will be payable on the fourth and on each subsequent anniversary of the filing date;¹³⁹

(4) There are numerous options regarding examination of applications filed under the new law.

(a) *Local Search and Exam* First, one can request a "local" search and examination, which will, in fact, be carried out by

133. Haq, *supra* note 132, at 30; Mirandah & Liang, *supra* note 132.

134. See Mirandah & Liang, *supra* note 132 ("Although some provisions of the Act are inconsistent with the TRIPs Agreement, the government had expressed at its inception that a review of the legislation will be undertaken to ensure compliance within the next five years. On May 4 1995, the Minister for Trade and Industry announced in a press conference that a government committee has already been appointed to fine-tune the Act and is expected to complete the project well before the five years' deadlines.").

135. Singapore Patent Act, *supra* note 132, § 13, at 13 (novelty, inventive step, and industrial application).

136. Singapore Patent Act, *supra* note 132, § 14(2), at 14.

137. *Id.* § 14(3), at 14.

138. *Id.* § 36(1), at 36.

139. *Id.* ¶ 36 (2) (requiring renewal fee at end of prescribed period).

the Australian or Austrian patent offices.¹⁴⁰ Substantive examination must be requested within twenty-two months from the filing or priority date.¹⁴¹ At the applicant's option, a preliminary search can be conducted before incurring the cost of examination, if it is requested within sixteen months of the priority date.¹⁴² However, the total cost of first requesting a search and then requesting examination is greater than simply requesting a combined examination and search at the twenty-two month point.

(b) *International Patents* Second, one can effectively base the Singapore applications on the patent status in the Australian, U.K., Canadian, European, New Zealand, or U.S. Patent Offices, which, in principle, should be cheaper than proceeding by the "local" examination route.¹⁴³ To follow this option, one must submit a list of the applications filed in these jurisdictions and any international filing made under PCT,¹⁴⁴ together with the International Patent Classification allocated to such applications.¹⁴⁵ The information must be submitted within sixteen months of the priority date and must be followed within twenty-two months of the priority date by copies of the search reports in these applications and any patents that may have been granted in any of these countries. If no such search reports have been issued, it will be necessary to request a combined "local" examination and search, and to pay the fees therefor, as discussed above. In all cases, patents must be granted within three-and-one-half

140. Singapore Patent Act, *supra* note 132, art. 29(1) (b), at 27. Haq, *supra* note 132, at 30; Mirandah & Liang, *supra* note 132.

141. Singapore Patent Act, *supra* note 132, art. 29 (1) (b), at 27 (providing the examination must be requested within the prescribed period).

142. *Id.* ¶ 29 (1) (a) (providing the preliminary search be requested within the prescribed period).

143. *Id.* § 29 (1) (c), at 27 (providing an applicant can base the Singapore patent on the patent status at a prescribed patent office); *see* Mirandah & Liang, *supra* note 132.

144. Singapore Patent Act, *supra* note 132, § 29(1) (c) (requiring submission of applications filed in prescribed jurisdictions).

145. *See* Mirandah & Liang, *supra* note 132.

years of the priority date.

As mentioned above, the transitional provisions are complicated. First, it should be noted that, for patents currently in force in Singapore as a result of registration of a U.K. or European patent, renewal fees will now become payable and will be due on the anniversary of the filing date of the registered U.K. or European patent.¹⁴⁶ Second, any U.K. patent or any European patent designating the U.K. that was granted between February 23, 1992 and February 23, 1996 may be registered in Singapore until February 23, 1997.¹⁴⁷ Any U.K. patent application or any European patent application designating the U.K. that is pending on February 23, 1995 and that is not granted before February 23, 1996 may form the basis for an application to be filed in Singapore, as long as that application is filed by April 10, 1996—an extension from the original date of February 23—and a certified copy of the U.K. or European application is filed.¹⁴⁸ If none of these conditions applies, an application may be filed under the new law and can apparently claim convention priority from an application filed in another Paris Convention country, as long as the application in Singapore is filed within one year of the first such filing.¹⁴⁹

Finally, Singapore became a member of the Paris Convention for the Protection of Industrial Property (Stockholm

146. Haq, *supra* note 132, at 30; Mirandah & Liang, *supra* note 132; Hangchi, *supra* note 132, at 11.

147. Haq, *supra* note 132, at 31; Mirandah & Liang, *supra* note 132; Hangchi, *supra* note 132, at 11; *Deadline for Re-Registering UK, EP Patents Is February 24*, Pat. Trademark & Copyright L. Daily (BNA), at d5 (Feb. 3, 1997). This provision subsequently caused a sharp increase in patent applications in Singapore. *Singapore Amends Patent Rules, Will Protect Semiconductor Chips*, Pat. Trademark & Copyright L. Daily (BNA), at d2 (May 16, 1997) [hereinafter *Singapore Amends Patent Rules*] (noting increase from 4000 applications in 1995 to 16,000 in 1996).

148. Haq, *supra* note 132, at 31; Mirandah & Liang, *supra* note 132 (discussing original date of Feb. 23, 1996).

149. Singapore Patent Act, *supra* note 132, §§ 17(2), at 16 (priority date for relevant applications filed within the preceding 12 months), 17(5), at 17 (including in definition of “relevant application” “an application in or for a convention country specified under section 89”), 89, at 92 (defining convention country).

version) and the Patent Cooperation Treaty on February 23, 1995.¹⁵⁰

XIII. INDONESIA AND THE PHILIPPINES

Moving on now to the Spice Islands, both Indonesia and the Philippines have proposed revising their patent laws.

A. *Indonesia*

In Indonesia, the government is considering proposals to amend the law to comply with the GATT/TRIPs Agreement before introducing the amendments into the legislature. The main proposals are as follows:

(1) to change the maximum term of a patent from the present fourteen-year term to twenty years from filing, and to extend the term of a so-called simple patent from two to six years;

(2) to amend the law relating to publication to conform to the international norm of eighteen months from the priority date—at present, the law states that publication should be earlier, and some applications are indeed published earlier than one might wish, particularly if they are filed well before the end of the convention year;

(3) to expand the definition of a patentable invention to include new types of plants; it is, however, unclear whether there is any intention to remove the current prohibition on

150. *PCT Newsletter*, WIPO Pub. 115(E) (Jan. 1996) at 1 (“Singapore deposited its instrument of accession to the PCT on 23 November 1994 and will become bound by the PCT on 23 February 1995.”); *States Party to the Convention Establishing WIPO and/or to Other Treaties Administered by WIPO: Patent Cooperation Treaty* (visited Apr. 9, 1997) <<http://www.wipo.org.int/eng/ratific/m-pct.htm#note1>>; *States Party to the Convention Establishing WIPO and/or to Other Treaties Administered by WIPO: Paris Convention for the Protection of Industrial Property* (visited Apr. 20, 1997) <<http://www.wipo.int/eng/ratific/d-paris.htm>>; see also Mirandah & Liang, *supra* note 132 (noting that Singapore also acceded to the Budapest Treaty on the same date). For information on the Budapest Treaty, see *supra* note 43.

the grant of patents for foods;

(4) to add to the definition of infringement the unauthorized importation of a patented article; and

(5) to amend the law relating to compulsory licensing to provide an excuse if the invention is of a type for which exploitation can be effected economically only on a regional, rather than a national, scale.

B. *Philippines*

In the Philippines, the government has actually introduced a bill into the Senate.¹⁵¹ The major proposals are:

(1) to simplify the proceedings by adopting a first-to-file system to replace the current first-to-invent system;¹⁵²

(2) to introduce early publication—eighteen months from the filing date or any claimed priority date—and deferred examination for invention patents, and to abolish examination for utility models and design patents. The publication is intended to be accompanied by a search report and examination will have to be requested within six months of the publication;

(3) to amend the definition of a patentable invention from the present definition, which is based on U.S. law, to one based on the European Patent Convention. This would, *inter alia*, remove therapeutic methods of treatment of humans or animals from the ambit of patent protection;

(4) to establish the maximum term as twenty years from the filing date;

(5) to provide that petitions for cancellation of a patent

151. S. 921.

152. Such legislation has been pending in the Philippines for several years. See THE ADVISORY COMMISSION ON PATENT LAW REFORM, A REPORT TO THE SECRETARY OF COMMERCE 43 n.2 (1992); see also Vito J. DeBari, *International Harmonization of Patent Law: A Proposed Solution to the United States' First-to-File Debate*, 16 FORDHAM INT'L L.J. 687, 691 (1993) (“[L]egislation pending in the Philippines will introduce a first-to-file system there.”).

may be made to a three person committee of the Patent Office, with an appeal to the Director;

(6) to amend the definition of infringement to include importation and, where the claim sets out various elements, to cover equivalents of those elements that perform substantially the same function in substantially the same way or that produce substantially the same result as those set out in the claim;

(7) to reverse the burden of proof in determining infringement of process patents;

(8) to amend the provisions on compulsory licensing to bring them back into conformity with the Paris Convention; and

(9) to provide for the Philippines to join the Patent Cooperation Treaty.

XIV.ASEAN

While in Southeast Asia, we should note the December 15, 1995 agreement of the Association of Southeast Asian Nations (“ASEAN”)¹⁵³—which consists of Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam—to harmonize their intellectual property laws,¹⁵⁴ and, if feasible, to set up a single patent office for the entire region, possibly by the end of the century.¹⁵⁵ ASEAN’s stated objective, that “Member States shall strengthen their cooperation in the field of intellectual property through an open and outward looking attitude with a view to contributing to the promotion and growth of regional and global trade lib-

153. ASEAN was established by The Association of Southeast Asian Nations Declaration (Bangkok Declaration), Aug. 8, 1967, 6 I.L.M. 1233.

154. Association of Southeast Asian Nations: Framework Agreement on Intellectual Property Cooperation, done at Bangkok, Dec. 15, 1995, 35 I.L.M. 1072, art. 2, ¶ 3 [hereinafter ASEAN IP Framework Agreement].

155. *Id.* art. 3, ¶ 2.

eralisation,”¹⁵⁶ is a specific recognition of the obligations the Member States have accepted under the TRIPs agreement.

As initial steps, the countries will set up a common database of intellectual property rights in their countries,¹⁵⁷ seek to establish cooperation between their judicial and enforcement authorities,¹⁵⁸ and carry out a comparative study of procedures and of the implementation of the GATT/TRIPs agreement.¹⁵⁹

XV.SAUDI ARABIA AND THE UNITED ARAB EMIRATES

Returning now to the western end of the continent, we follow Marco Polo to the Persian (Arabian) Gulf. In Saudi Arabia, the first patents were granted in a special ceremony on January 10, 1996, a mere five-and-one-half years after the patent law¹⁶⁰ came into effect. Implementation of the new law in the United Arab Emirates seems to be fairly smooth, but protection seems to be expensive.

XVI.ISRAEL

Returning finally to the Mediterranean, Israel amended its patent law in 1995 and will join the Patent Cooperation Treaty effective June 1, 1996.¹⁶¹ Numerous amendments to Israeli law became effective on August 10, 1995, one of the most significant of which was an expansion of the applicant's duty to disclose prior art references to the Israeli Pat-

156. *Id.* art. 1(1).

157. *Id.* art. 3(3)(2)(b) (establishing database of registrations).

158. *Id.* art. 3(3)(1)(c).

159. *Id.* art. 3(3)(3).

160. Patent Regulations, Royal Decree No. M/38 dated 10/6/1409 A.H. (corresponding to January 17, 1989); *see also* Alexander S. Kritzalis, *Regional Development: Saudi Arabia*, 24 INT'L LAW. 836 (1990) ("In January 1989 Saudi Arabia enacted a patent law, which became effective in May 1989.").

161. *PCT Newsletter*, WIPO Pub. 115(E) (March 1996) ("Israel deposited its instrument of ratification of the PCT on 1 March 1996, and will become bound by the PCT on 1 June 1996.").

ent Office. In addition to the applicant's duty to provide the Israeli Patent Office with a list of references cited in other jurisdictions,¹⁶² the applicant now has the duty to provide a list of publications published prior to the date of the application which are known to the applicant and which directly relate to the invention.

Other amendments codify a Nazareth District Court decision holding that the duty to inform the Israeli Patent Office of references is ongoing and does not cease until the application is accepted. If the applicant intentionally does not comply with the duty to disclose references or submits deceptive information, the Registrar or the court may prevent the grant of, or may revoke, the patent, may grant a compulsory license, or may shorten the patent term.¹⁶³ The court may also impose a fine under the penal law.

CONCLUSION

As the foregoing discussion amply demonstrates, there have recently been many changes to national patent laws in Asia. We can expect the activity in this region to continue into the near future, as the nations, and regional groups like ASEAN, continue to modify their laws to comply with their international obligations under the PCT, TRIPs, and other agreements.

162. Shlomo Cohen, *Recent Patent, Trademark Developments in Israel*, Pat. Trademark & Copyright L. Daily (BNA), at d3 (Jan. 5, 1994) ("An applicant must update the Patent Office with respect to any citations made by foreign patent offices against parallel applications until the application is accepted in Israel.").

163. *Id.* at d3.