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INTERNATIONAL PATENT COOPERATION UNION  
(PCT UNION)

WORKING GROUP ON REFORM OF THE PATENT  
COOPERATION TREATY (PCT)

Second Session  
Geneva, April 29 to May 3, 2002

EXPANDED INTERNATIONAL SEARCH SYSTEM;  
ABSENCE OF "FORMAL CLAIMS"

*Proposals submitted by the  
Intellectual Property Institute of Canada (IPIC)*

## INTRODUCTION

1. The Intellectual Property Institute of Canada (IPIC) is grateful for the opportunity to again participate, as observer, in the deliberations of the Working Group on Reform of the Patent Cooperation Treaty and submits the following comments for consideration at the Working Group's second session to be held in Geneva from April 29 to May 3, 2002.
2. IPIC has had the opportunity to review the substantial amount of material prepared by the International Bureau (IB) and by the United States for discussion setting forth possible frameworks for the proposed Expanded International Search Report (EISR) and other reforms in documents PCT/R/WG/2/1 through PCT/R/WG/2/9.
3. Founded in 1926, IPIC is the only intellectual property association in Canada to which nearly all patent agents, trade-mark agents and lawyers specializing in intellectual property

belong. IPIC membership includes practitioners in private practice, corporations, academia and government.

4. The patent agent profession in Canada may have developed a unique perspective on patent prosecution from having substantial direct experience before both the European Patent Office (EPO) and the United States Patent and Trademark Office (USPTO), as well as the Canadian Intellectual Property Office (CIPO). In addition to prosecution experience on national applications before CIPO, when filing PCT applications through CIPO as the Receiving Office, the responsible International Searching Authority (ISA) and International Preliminary Examining Authority (IPEA) is the EPO. In addition, because of our country's historical links with Great Britain, a proportion of our profession (particularly senior members) are also Chartered Patent Agents or European Patent Attorneys with significant direct experience before the EPO on EPO regional applications. Finally, by treaty, many Canadian patent agents are entitled to directly prosecute patent applications (both national and PCT) through the USPTO.

#### EXPANDED INTERNATIONAL SEARCH – COMMENTS ON PROPOSALS SET OUT IN PCT/WG/R/2/1 AND PCT/WG/R/2/9

5. In contemplation of the Working Group's second session, two new proposals for combining the international search in Chapter I with a preliminary opinion of the type set out in Article 33(1) have been proposed. The IB proposal, contained in document PCT/WG/R/2/1, sets out a scheme in which the establishment of an ISO (the opinion) at the time the ISR is prepared would be mandatory. A welcome aspect of this proposal is the recognition of the needs of applicants to preserve their right to maintain the confidentiality of this first examination opinion, according to Article 38, at least until an adequate opportunity to rebut negative findings on the record, has been provided. An additional important feature of the IB proposal is that at the time the ISO may be made public, it is communicated to the public in the same manner, and together with the applicant's rebuttal to encourage that they be read together.

6. A counter-proposal has been put forward by the United States in document PCT/WG/R/2/9. According to this proposal, the establishment of a preliminary opinion along with the ISR would also be mandatory, but unlike the IB proposal, the United States proposes here that the opinion cannot be separated from the ISR, but must be published with it as soon as it is established. Also, the applicant's rebuttal, if any, would come later, would not be similarly published, and presumably would not even be available to the public (pursuant to Article 38), without the applicant's express waiver, until national entry.

7. When considering the original proposal for an EISR in document PCT/WG/R/1/3 prepared by the United States for contemplation by the first session of the Working Group, IPIC membership welcomed the opportunity to receive a clear statement on novelty and obviousness expanding upon the ISR, at the earliest possible opportunity in the international phase, provided applicants were given the opportunity to rebut negative findings before the opinion was publicly disclosed. Keeping the opinion portion of the EISR as a separate, unpublished document was clearly contemplated in paragraph 8 of document PCT/WG/R/1/3:

“... Upon issuance of the EISR, the IB will publish either a) the Cited References page of the EISR , or b) the full EISR. Of the two options, option a) is closest to current practice, while option b) provides the most information to 3rd parties at the earliest point in time. The United States currently does not have a preference between these two options and sees this as an issue to be resolved within the Working Group. ...”

8. The revised “simplified” proposal of the United States in document PCT/WG/R/2/9, coupled with recent experiences of users following the EPO’s implementation of a two-stage system for international preliminary examination, fill IPIC members with unease about the purpose of the proposed expanded ISR. Is the purpose to provide applicants and Designated Offices with a useful explication of the search report, or are the reforms directed at providing the “simplest” means to move international applications out the doors of the ISAs and IPEAs as quickly as possible in order to clear up the backlog?

9. Therefore, in addition to the serious issue of maintaining the confidentiality of the opinion associated with the search report, applicants have another very real concern regarding quality control of the work product (the opinions) of the international authorities in respect of the proposed expanded international search and follow-on changes for IPE.

10. *Quality control:* In January 2002, the EPO introduced a two-stage system for conducting IPE<sup>1</sup>. The first stage constitutes a simplified first examination opinion from the EPO focusing on the core aspects of novelty, inventive step and industrial applicability based on the ISR, without involving substantive examination of issues outside the search, such as clarity, support, etc. It is only the applicant's response that will trigger a substantive examination in these other areas, and possible issuance of a second opinion, unless a favourable IPER can be established. This first opinion essentially provides the elements under Article 33(1), and is apparently very similar in concept to the proposed opinion to be associated with the ISR. The stated purpose of these changes is to rationalise and streamline procedures to deal with increasing workload by removing from further examination international applications of applicants who demonstrate no interest in proceeding. The early experience of IPIC members with this new EPO examination system has been varied.

11. In some cases, only a form letter with no opinion has issued, apparently because the applicant did not *specifically request* detailed examination at the time of filing the demand. If the ISO is mandatory, then the payment of the search fee should constitute a request for the ISO to be formulated along with the establishment of the ISR.

12. In other cases before the EPO, the preliminary written opinion merely parrots the ISR, with no detailed articulation of the relevance of the art to the claims. Where the ISR is less favourable, the resulting “opinion” is simply a very negative statement, and this provokes anxiety in applicants who feel that inappropriate art has been broadly applied by a patent office official without any apparent justification.

13. Concerns that this level of service is also intended for an expanded ISR are fueled by the comments of the United States when discussing the content of the proposed opinion accompanying the ISR in paragraph 16 of document PCT/R/WG/2/9:

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<sup>1</sup> See “Notice of the President of the European Patent Office dated 2 November 2001 concerning rationalisation of international preliminary examination at the EPO” from the Official Journal EPO dated 11/2001.

“... With regard to the concern as to the prejudicial nature of publishing the complete ISR, it is the position of the United States of America that the current Search Reports already contain information that could be considered prejudicial in the form of the X and Y indications and the indications of which claims the references could be relevant against. When this point was raised in further discussions at November’s session of the Working Group it was admitted that while this was true, it was felt that the more cryptic nature of the current Search Report indications made them easier to explain away to potential investors. ... *A negative determination is a negative determination regardless of the form in which it is expressed*, and meaningful reform of the PCT system should not be held up merely because applicants find one form easier to deal with over the other in their negotiations with third parties ...” (emphasis added)

14. For the expanded ISR to be of the anticipated value to applicants on receipt, and to Designated and Elected Offices at national entry, the opinion cannot merely re-state the negative determinations found in the ISR proper. Hopefully the opinion portion can specifically relate the art to the claims in a manner that meaningfully expands upon the ISR. Some means for assuring quality control in the ISAs should be established. In this respect, IPIC supports the proposal to have the search examiner prepare the ISO along with the ISR, since it is believed that a more meaningful opinion along these lines may be expeditiously prepared. However, some means to monitor quality control should be included in the reform proposals.

15. *Confidentiality/Delayed Publication of the Opinion:* In paragraph 16 of document PCT/R/WG/2/9, the United States suggests that Article 38 is either not applicable to the ISO, or that the effect of Article 38 can be easily removed with an amendment to Rule 94. As regards the applicability of Article 38, both proposals for an expanded ISR currently before the Working Group clearly treat the ISO as a segue to IPE. Therefore, IPIC submits that it is not correct to suggest the opinion is not entitled to Article 38 protection merely because it is formulated at the time of the search. The ISO is intended as a step in international examination, as contemplated in Article 38.

16. Also, it is unclear to this delegation how an amendment of a rule under the treaty (amending Rule 94 to force applicants to waive their Article 38 rights in order to use the PCT system) can provide a solution. Under the doctrine of *ultra vires*, it is believed that it is not possible to amend a treaty by amending an underlying rule.

17. However, it is submitted that the Working Group should consider maintaining the confidentiality of the written opinion pursuant to Article 38, *or at least delaying public access to the opinion until the applicant has had the opportunity to submit responsive comments* as a *policy* matter. Public access to the opinion (whether by formal publication or through access to the contents of the IB file, should include equivalent access to the applicant’s responsive comments. As submitted in oral discussion at the first session of the Working Group (see brief description in paragraph 16 of document PCT/R/WG/2/9), a categorical statement of lack of novelty or obviousness “officially” published by the IB as part of the pamphlet, may interfere with applicants’ abilities to effectively use the published application in dealing with third parties (investors, distributors, competitors, etc.). Who is this likely to damage? It is IPIC’s conclusion that while there may be an adverse effect on larger applicants, it is likely that, routinely, this will more severely impact smaller companies and independent inventors, filing a single or very few applications. It is the understanding of IPIC that SMEs and independent inventors are the very constituency that WIPO (and possibly the whole

international community) currently targets for increasing PCT awareness and use. The proposal to publish the ISO with the IA pamphlet at 18 months (or so soon as it is available) appears to be contrary to the goals for improving access and use of PCT for SMEs and independent inventors.

18. *Timing:* In document PCT/WG/R/2/9, the United States reiterates a proposal it made in document PCT/WG/R/1/3 to add flexibility to the time limits for providing the combined search and opinion. In document PCT/WG/R/2/9, the United States proposes that the expanded ISR be established by the earlier of 16 months from the filing date of the IA or 22 months from its priority date. One hope of IPIC membership is that the reduction in backlog occasioned by these reforms will permit ISAs to meet their current PCT deadlines (even with the added ISO). Otherwise, it seems that it will be impossible to ever achieve full IPE (as contemplated in Chapter II) by 28 months. However, recognising the backlog issues that continue to plague the international authorities, IPIC supports a relaxation of the time limits for the international authorities and also proposes that it would be appropriate, in these circumstances, to find a way to extend the time limits to permit applicants the option of filing Article 19 amendments and/or the demand, by tying both these time limits to the establishment of the expanded ISR (for example, are due three months after).

19. *Cost control:* A major advantage of PCT for applicants of all sizes is that it permits applicants to substantially defer costs. In addition to deferring the translation costs and multiple filing fees associated with national phase processing, the present Chapter I / Chapter II structure of the international phase of PCT also permits applicants, in theory, to defer Chapter II examination fees until after a clear statement on novelty and obviousness (the ISR) has been received. (In recent practice, however, workload issues at the ISAs is jeopardizing the critical issuance of ISRs prior to 20 months.)

20. IPIC reiterates concerns of applicants stated at the first Working Group session, to keep as low as possible, the up-front costs associated with filing an international application and proceeding through Chapter I, and in this respect, welcomes the suggestion of the United States in paragraph 9 of document PCT/WG/R/2/9 that it may be possible to maintain costs for Chapter I processing under an expanded search system at current levels, without increasing (and possibly even reducing) fees for Chapter II.

#### ABSENCE OF “FORMAL CLAIMS” – COMMENTS ON PROPOSALS SET OUT IN DOCUMENT PCT/WG/R/2/8

21. Document PCT/WG/R/2/8 from the IB contains a proposal to align PCT with Patent Law Treaty (PLT) claims requirement, by including, in the printed request form, a pre-printed statement containing a type of omnibus claim to be applied in the absence of applicant-submitted claims. While IPIC supports revision of PCT requirements to make the system more accessible to applicants, it is the experience of the IPIC membership that current practice before some regional and national offices could deprive applicants of rights if they were take advantage of such as provision. For example, at the EPO, the claims may not be broadened after filing. Under current EPO practice, this is being interpreted very literally; amendments are refused where word-for-word support is lacking in the written description, even where the amendment is blatantly inferable from the description and drawings.

Similarly the US *Festo*<sup>2</sup> decision has put a chill on the types of amendments that an applicant would wish to make during prosecution to avoid unduly limiting the scope of protection in its issued claims (*prosecution history estoppel*). Any amendment to introduce a significant practise change, such as permitting filing without claims, should be carefully considered in light of the effect on the rights of applicants on national/regional entry. It may be realised that some proposals for aligning PCT with PLT are premature and misleading to applicants until the PLT is fully in place and adopted into their national laws by the PCT signatories.

22. *The Working Group is invited to consider the proposals contained in this document.*

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<sup>2</sup> *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F. 3d 558 (Fed. Cir. 2000) (*en banc*).