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

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REVISED U.S. PROPOSAL FOR PCT REFORM;
COUNTERPROPOSAL TO DOCUMENT PCT/R/WG/2/1

Proposal submitted by the United States of America

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BACKGROUND

1. At the first session of the Committee on Reform of the Patent Cooperation Treaty which was held from May 21 to 25, 2001, the Committee established a series of 11 objectives that the Committee and the subsequently formed Working Group were to be guided by in developing a proposal for reform of the Treaty. In November 2001, the Working Group met to discuss specific proposals for reformation of the Treaty. The discussions centered largely on a proposal by the United States of America for simplification and streamlining of the PCT system through the combining of the Search and Examination phases of PCT processing (document PCT/R/WG/1/3). During the discussions numerous concerns were raised about the U.S. proposal and various modifications to the U.S. proposal were suggested. These concerns and modifications were raised in light of the 11 objectives established by the Committee. The result of taking into account those concerns and modifications discussed at the first session of the Working Group is the proposal for reform which is currently set forth in document PCT/R/WG/2/1.

2. A review of the system as set forth in document PCT/R/WG/2/1 reveals that, in contrast to the simple streamlined procedure proposed by the United States of America, document PCT/R/WG/2/1 establishes a system that is even more complex than the current PCT system (see Flowcharts 1–3). Therefore, in view of the complexities of the system developed through the guidance of the 11 Committee-established objectives for PCT reform, it is suggested that the Working Group take a step back and look at the original reasons for suggesting reform of the Treaty and the objectives for reform that were established by the PCT Assembly in calling for reform.

3. At the meeting of the PCT Assembly in September/October 2000, a proposal for reform of the PCT was presented by the United States of America (document PCT/A/29/3). This proposal was established based on the increasing workloads being experienced by the both United States of America and other International Authorities, as well as on the continued confusion being experienced by applicants and Offices alike in dealing with the complexities of the current PCT system. In addition, reform of the PCT was raised in light of conformance with the recently completed Patent Law Treaty. The U.S. proposal suggested implementing PCT Reform in two stages, and in the first paragraph of the portion of the proposal titled “The First Stage of Reform” it is stated:

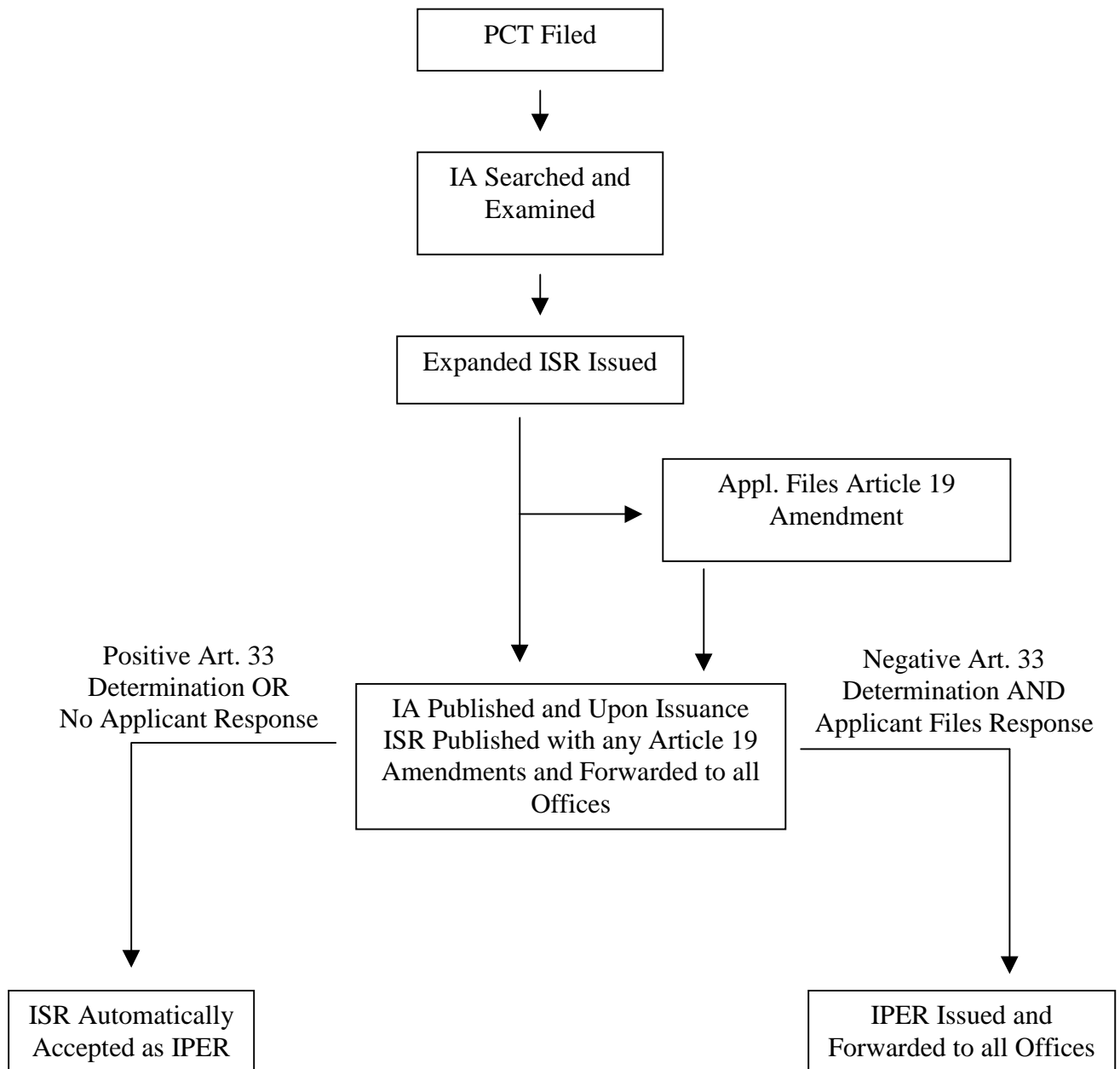
“...The first stage could include modest, *simplifying and PLT-based changes* that would be targeted for implementation in about five years. To that end, the PCT Assembly could...impose a relatively narrow mandate on a PCT revision committee to carry out this first-stage work.” (emphasis added)

4. After discussions on the matter the Assembly adopted the following decision:

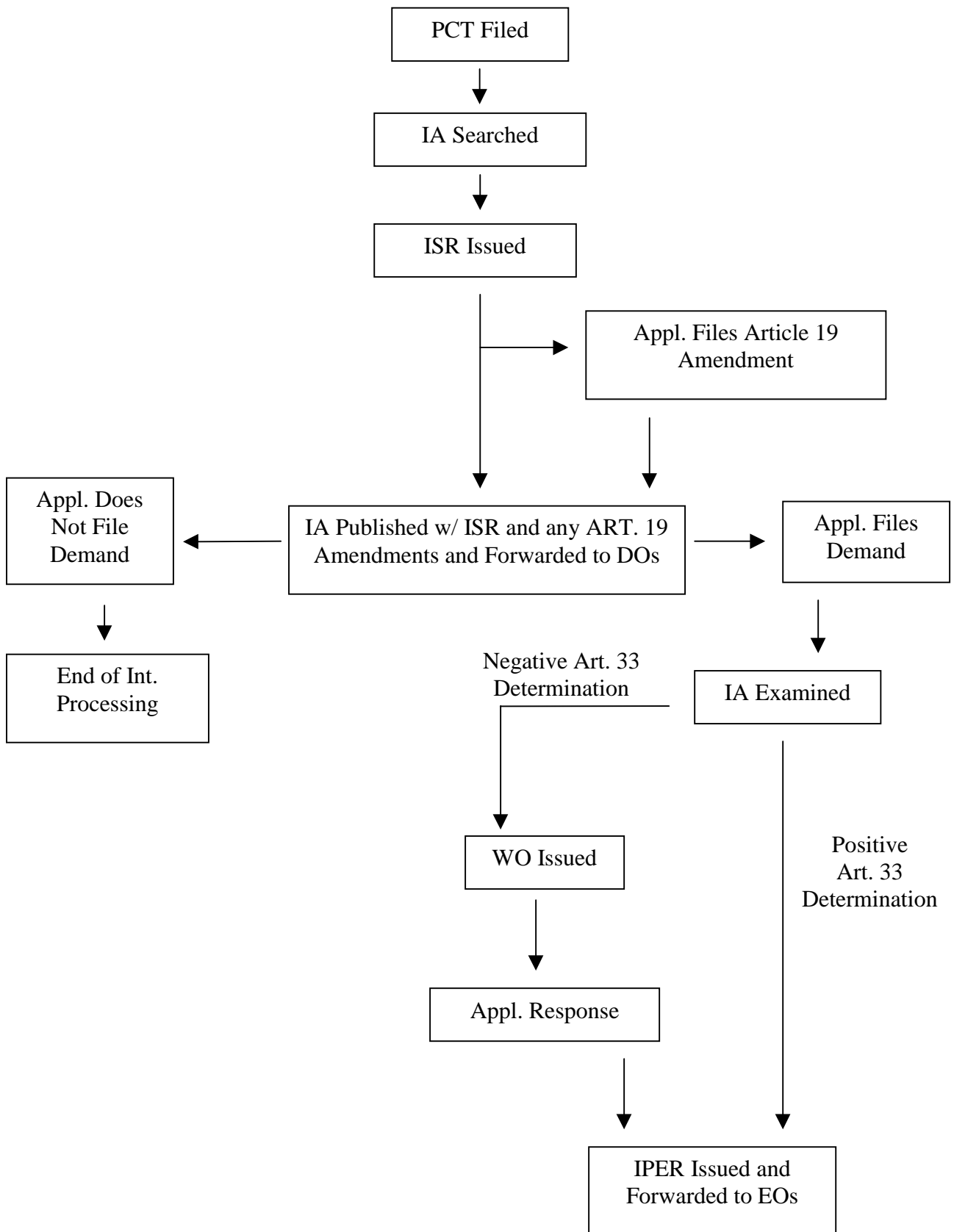
“The Assembly of the PCT Union decided:

(i) that a special body would be set up to consider, as a first step, proposals for the reform of the PCT that would pursue the same objectives as those defined under the title ‘The First Stage of Reform’ of the Annex to document PCT/A/29/3...”
(document PCT/A/29/4, para. 51)

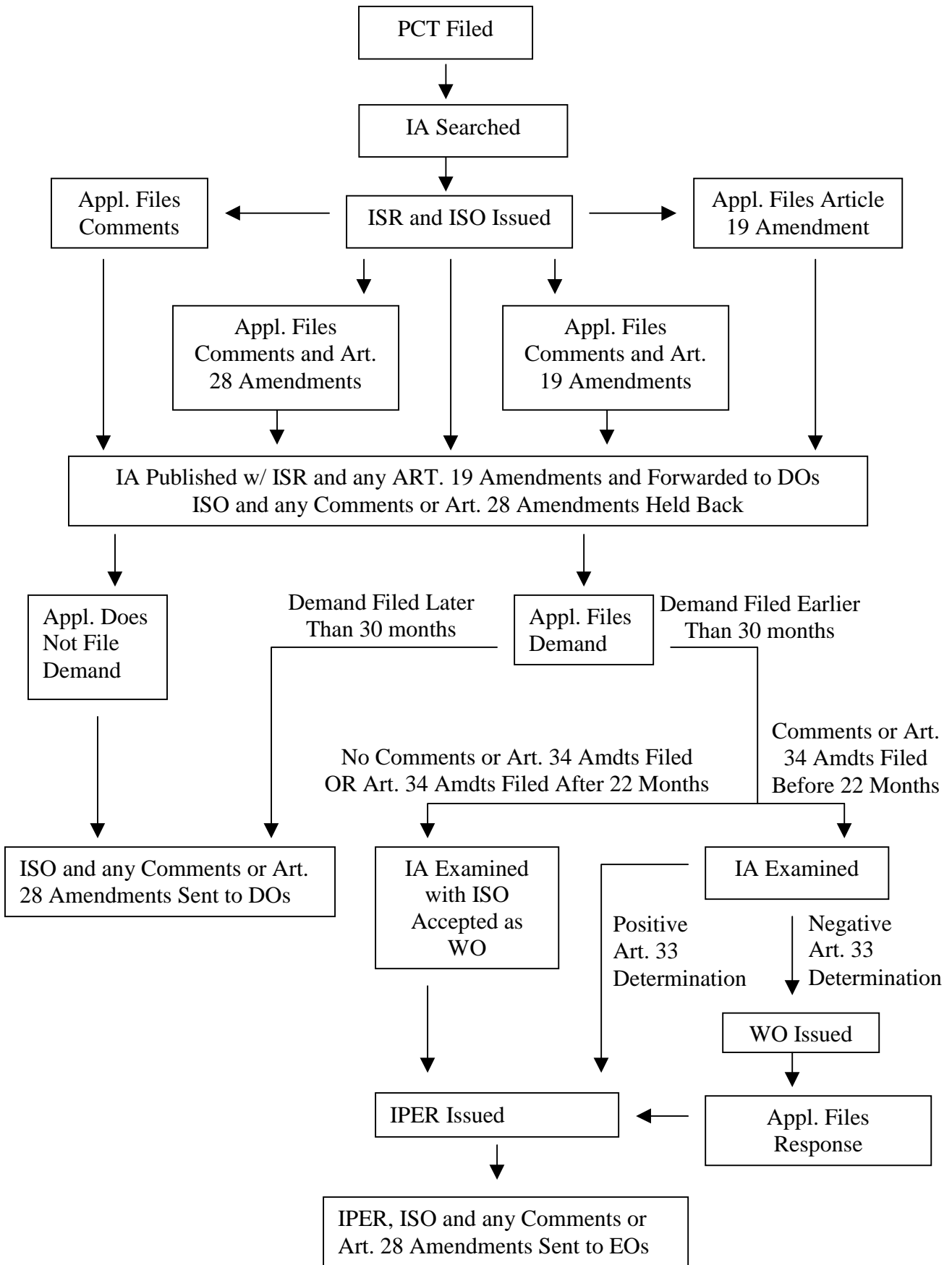
FLOWCHART #1: US PROPOSAL FOR SIMPLIFIED PCT SYSTEM



FLOWCHART #2: CURRENT PCT SYSTEM



FLOWCHART #3: PCT SYSTEM AS SET FORTH IN DOCUMENT PCT/R/WG/2/1

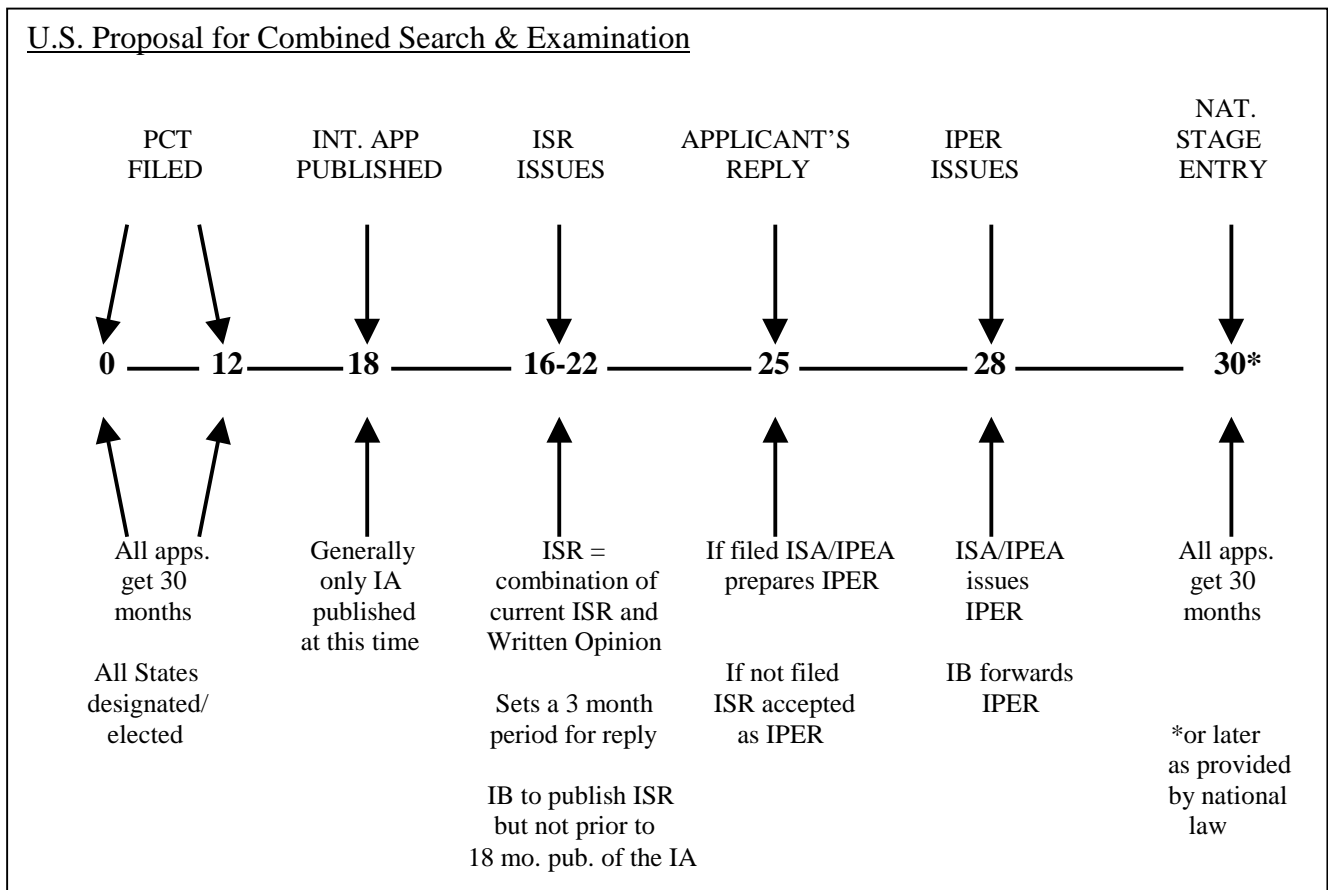


5. Therefore, it can be seen that the Committee on PCT Reform was charged with developing a reformed system based on two objectives: simplification and PLT conformance. If the result of the work of the Working Group to date is the overly complex system set forth in document PCT/R/WG/2/1, then it has clearly failed in accomplishing the task with which it was charged by the Assembly.

6. It is the position of the United States of America that if this Working Group and the Committee for PCT Reform are to accomplish the task mandated by the Assembly then it must look anew at establishing a reformed PCT processing system with primarily simplification and PLT conformance in mind. In this light, the United States of America hereby submits its revised proposal for consolidation of the Search and Examination phases of international processing.

REVISED U.S. PROPOSAL FOR PCT REFORM INCLUDING COMBINED SEARCH AND EXAMINATION

7. In general, the U.S. proposal, as set forth in the below schematic representation, sets forth a system which has the following general provisions: (1) the PCT application would be filed, (2) publication of the application would still occur at 18 months, (3) an ISR (which would be expanded from its current format to include an opinion portion) would be issued by the International Searching Authority/International Preliminary Examining Authority, (4) an IPER would be prepared ONLY if a response to a negative ISR were filed, and otherwise the ISR would be accepted as the IPER, and (5) the deadline for entry into the national stage for all PCT applications would be 30 months. This general process is envisioned as being specifically implemented by the following provisions (with time period for each provision indicated in parentheses).



(1) The filing of the PCT International Application (0-12 months)

8. Upon filing of the PCT international application, all applicants would automatically have 30 months to enter the national stage. This has initially been accomplished by means of amendment to the Article 22 time period, via an Article 47 change. However, it is envisioned that eventually this will be addressed through a merging of Chapters I and II of the Treaty.

9. During the first round of discussions it was envisioned that a portion of a reduced search/examination fee would be due upon filing, but that due to the increased amount of work being performed during the search phase this fee would be somewhat higher than the current search fee. It was then felt that due to the overall workload savings realized as a result of combining the search and examination processes, the remaining portion of the fees due with the filing of the Demand would be significantly reduced such that the total combined search/examination fee would be less than the combined amounts of the current separate search and examination fees. However, upon further consideration it is envisioned that, as a result of the overall savings, the search fee could remain at its current level and the portion of the fee due with the filing of the Demand would still be reduced, only to a slightly lesser extent. Thus, those applicants who currently choose to only file under Chapter I would not bear a higher financial burden under the new PCT system for additional information which they currently choose not to receive.

10. As initially presented at the last meeting of the Working Group, this portion of the U.S. proposal included a suggestion that the fee structure as it related to the payment of the fees be greatly simplified as part of the process. However, in order to simplify this proposal and reduce the number of issues that need to be addressed by the Working Group at this time, that portion of the proposal has been dropped from this version. At the same time though, the United States of America would recommend that in the future, as part of the ongoing reform process, the Working Group consider simplification of the fee system as currently set forth in Rules 14-16*bis* and 57-58*bis*.

(2) Publication of the International Application (18 months)

11. The IB would continue to publish the IA as filed at 18 months. The time period for issuance of the ISR under this revised proposal is the earlier of 16 months from the International Filing Date or 22 months from the Priority Date. As a result, in a number of applications (e.g., primarily those applications with no priority claim) the ISR would issue prior to the 18 month publication date of the International Application. In those instances in which the expanded ISR is issued prior to 18-month publication of the IA, then any ISR publication would take place in conjunction with the 18 month IA publication.

12. In the first round of discussions there was resistance to the idea that the expanded ISR would not be published with the IA at 18 months. This resistance seemed to be based largely on two issues: (1) getting the information out to applicants in time for the IA to be withdrawn prior to publication, and (2) getting the information out to third parties as soon as possible. With regard to the first issue, the United States of America would be interested to learn how many Offices, with regard to their national publication practice, make the same guarantee to issue some sort of report or opinion prior to publication. If, as suspected, the majority of Offices do not provide such a guarantee in their national law, then it is not seen why the PCT should be bound by such a restrictive practice. Further, it is the understanding of the United States of America that only a small percentage of applications are withdrawn after the issuance of the ISR and prior to international publication (and it's quite conceivable that a

portion of those withdrawals are related to factors other than a negative finding in the ISR). As such, given the rarity of withdrawals resulting from a negative ISR, it would seem that the desire to retain this provision is one born out of comfort with the current system rather than one of actual need. With regard to the second issue, we understand that the ISR currently publishes later than 18 months in a significant number of filings. Therefore, given that fact and given that all applications now have 30 months to enter the national stage, the additional few months in getting the search information out to third parties is seen as being of minor consequence.

13. In short, there *must* be a relaxing of the time limits under a reformed PCT system. The original time limits for establishing the ISR were based on a 20 month Chapter I time limit for national stage entry. However, now that the time limit for national stage entry in all applications is 30 months it follows that all of the time limits should be reassessed to efficiently make full use of the time now available for international processing.

(3) Issuance of the International Search Report (16–22 months)

14. The International Searching Authority/International Preliminary Examining Authority would issue the ISR by the earlier of 16 months from the International Filing Date or 22 months from the Priority Date. It is envisioned that the ISR under a reformed PCT system would combine features found in the current ISR with those currently found in the Written Opinion. If the expanded ISR contains a negative Article 33 determination, then the ISA/IPEA would set a 3 month period for applicant to respond.

15. Upon issuance, the ISR would be published in its entirety by the IB, and as noted in provision (2) above, those Search Reports which issue prior to publication of the IA would be published in conjunction with the publication of the IA.

16. In the first meeting of the Working Group there was resistance to the publication of the opinion portion of the ISR. The resistance was based on the perception that the publication of a complete opinion would be prejudicial to applicants in their dealings with third parties. Another issue raised in this regard was the confidentiality requirement of Article 38. 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 are 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. However, the fact remains that what must be accomplished by the Committee and this Working Group is simplification of the system, and in this regard that would include publication of the entire ISR as issued by the ISA/IPEA. To issue the ISR as two separate documents or to try to extract a portion of the ISR merely for publication purposes would unnecessarily complicate the overall processing of PCT applications. 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. As to the Article 38 issue, it would appear that this in fact is a non-issue in that the opinion, while later being accepted as part of the examination process, is initially being offered as part of the search process which is not subject to the confidentiality requirement of Article 38. However, at the same time if the rest of the Working Group views Article 38 as an impediment, then the issue may be easily dealt

with via an amendment to Rule 94 to provide that the filing of an application itself is an express waiver of the Article 38 requirement as far as it pertains to the written opinion.

(4) Applicant's response to the ISR (The later of 25 months or ISR + 3 months)

17. Any response to the ISR, with the exception of those papers specifically submitted to the International Bureau which are clearly marked as a submission under Article 19, would be accepted as the filing of a Demand electing all designated states as well as a submission under Article 34. Applicant could file any such response prior to the expiration of the period set in the ISR in any application in which the ISR contained a negative opinion. The timely filing of such a reply would trigger the issuance of the IPER by the ISA/IPEA. The reply should only be filed in cases in which applicant disagrees with the findings of the ISR, and should be accompanied by applicant's arguments to the reasoning in the ISR or amendments to overcome the references applied in the ISR.

18. It was suggested in the first round of discussions (and in fact it has been adopted in the proposal set forth in PCT/R/WG/2/1) that applicants should be given an opportunity to file a response to the ISR without triggering issuance of an IPER. However, applicants do not currently have such an option at their disposal, and to add this additional layer of interaction would run counter to the Working Group's objective of simplification of the PCT system. Currently, if applicant wants to rebut a negative ISR, applicant may file comments and/or amendments during international examination to influence the issuance of a positive IPER. The system as set forth in this proposal by the United States of America is no different in this respect: If applicants want to counter a negative ISR, they must file a response to the ISR with the IPEA.

(5) International Preliminary Examination Report (28 months)

19. If a response to the ISR is timely filed, the ISA/IPEA would prepare an IPER considering the arguments and any amendments submitted with the reply. The IB would then forward the IPER to all concerned Offices upon issuance. In this regard, it has been the presumption throughout this proposal that the ISA and the IPEA would be the same for each application. The adoption of any other system is contrary to the objectives of PCT reform if the workload, efficiency, and streamlining benefits of combined search and examination are to be fully realized. Further, any concerns that might exist with regard to the Article 34 requirement that the applicant shall receive a written opinion from the IPEA would also be addressed by having the ISA and the IPEA be the same for any given application because the written opinion would have been issued by the IPEA while acting in its capacity as the ISA. However, if there is still a strong opinion within the rest of the Working Group that the ISA and IPEA do not need to be the same in spite of the lost benefits of such a separated system, an alternative would be to amend the rules to provide that the opinion issued by the ISA in the ISR shall constitute the first written opinion of the IPEA regardless of the fact that it was issued by a different authority.

20. If the ISR contains a positive Article 33 determination or if a reply is not timely filed this would be considered to be the presumptive filing of a Demand by applicant with no additional fees due. In those situations, the IB would merely forward a notice to all elected offices indicating that the ISR should also be accepted as the IPER. Another alternative, albeit less desirable from a simplification viewpoint, would be to provide that the information from the ISR be automatically transferred to, and re-issue as, the IPER with no further fee due by applicant. In this regard it is envisioned that the format of the ISR will be substantially

identical to the format of the IPER so that the transfer of information from the ISR to the IPER would take place purely electronically; necessitating minimal expenditure on the part of the ISA/IPEA.

21. The use of the above mechanism in order to allow the ISR to either be considered to be, or reissue as, the IPER would provide that an IPER would issue in all PCT applications. This result is necessary if we are to live up to the commitments that were made in connection with the passage of the 20 to 30 month change to the smaller Offices which rely heavily through their national laws on IPERs for their national stage examination processes.

(6) National Stage Entry (30 months)

22. The deadline for submission of the national stage requirements to the national offices under Article 22 would be 30 months for all applications. However, each national office would retain its right to accept such requirements at the expiration of a later time period.

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

[Annex follows]

ANNEX

PROPOSED AMENDMENTS OF THE PCT REGULATIONS:

COMBINED PCT SEARCH AND EXAMINATION¹

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¹ While a portion of this proposal involves the automatic designation and election of all Contracting States, the rule changes necessary for that aspect of the proposal have been addressed in document PCT/R/WG/2/2 and therefore will not be addressed in this document.

Rule 36

Minimum Requirements for International Searching Authorities

36.1 *Definition of Minimum Requirements*

The minimum requirements referred to in Article 16(3)(c) shall be the following:

(i) and (ii) [No change]

(iii) that Office or organization must have a staff which is capable of searching the required technical fields and which has the language facilities to understand at least those languages in which the minimum documentation referred to in Rule 34 is written or is translated;

(iv) that Office or organization must have been appointed as an International Preliminary Examining Authority in accordance with Article 32(3).

[COMMENT: Rule amended to provide that ISAs must also be an IPEA so that the opinion contained in the search report cannot be issued by authorities which are not IPEAs.]

Rule 42

Time Limit for International Search

42.1 *Time Limit for International Search*

The time limit for establishing the international search report or the declaration referred to in Article 17(2)(a) shall be ~~three~~ 16 months from the international filing date ~~receipt of the search copy by the International Searching Authority~~, or ~~nine~~ 22 months from the priority date, whichever time limit expires earlier ~~later~~.

[COMMENT: Rule amended to provide for an expanded time period for issuance of the ISR in accordance with the proposal.]

Rule 43

The International Search Report

43.1 to 43.5 [No change]

43.5bis Opinion

(a) The international search report shall contain a preliminary and non-binding opinion as to:

(i) whether the claimed invention appears to be novel, to involve an inventive step (to be non-obvious), and to be industrially applicable;

(ii) whether the international application complies with the requirements of the Treaty and these Regulations in so far as checked by the International Searching Authority;

(iii) as to any other matters that these Regulations provide for.

(b) The opinion shall contain substantially the same elements as an international preliminary examination report, and shall be based on the international application as filed.

(c) Articles 33(2) to 33(6), 35(2), 35(3) and Rules 64, 65, 67, 70.2(d), 70.3, 70.4(ii), 70.6 to 70.9, and 70.12 shall apply *mutatis mutandis*.

[COMMENT: New rule to provide that the ISR contain an opinion portion which corresponds in scope with the IPER.]

43.6 and 43.7 [No change]

43.7bis Invitation for Applicant Reply

(a) The International Searching Authority, in the international search report, shall invite the applicant – if he disagrees with the opinion set forth in the international search report – to submit a written reply in the form of arguments together, where appropriate, with amendments, to the International Preliminary Examining Authority.

(b) The international search report shall set a period for reply to the invitation which shall be reasonable under the circumstances. It shall normally be three months from the date of mailing of the search report. In no case shall it be less than one month after the said date.

[COMMENT: New rule to provide that the ISR contain an invitation to respond and a time limit for said response.]

43.8 [No change]

43.9 *Additional Matter*

The international search report shall contain no matter other than that specified in Rules 33.1(b) and (c), 43.1 to 43.3, 43.5 to 43.8, and 44.2 and the indication referred to Article 17(2)(b), provided that the Administrative Instructions may permit the inclusion in the international search report of any additional matter specified in the Administrative Instructions. ~~The international search report shall not contain, and the Administrative Instructions shall not permit the inclusion of, any expressions of opinion, reasoning, arguments, or explanations.~~

[COMMENT: Rule amended to delete prohibition on the ISR containing an opinion.]

Rule 53bis

Filing Of The Demand

53bis.1 Actual Filing of the Demand

Any reply by applicant to the invitation provided for in Rule 43.7bis, except for those submitted to the International Bureau under Article 19, will be accepted as a demand which elects all eligible States provided that the reply is received within the period for reply set in the international search report and the situation provided for in Rule 53bis.2(a)(ii) does not exist.

53bis.2 Presumptive Filing of a Demand

(a) Applicant shall be considered to have presumptively made a demand which elects all eligible States if either:

(i) No reply to the invitation provided for in Rule 43.7bis has been received within the period for reply set in the international search report; or

(ii) The search report does not contain any negative statements in accordance with Rule 70.6 or any indications under Rule 70.12.

[Rule 53bis.2, continued]

(b) If either situation under paragraph (a) exists then the International Preliminary Examining Authority will so notify the International Bureau, which will in turn notify all elected States that the international search report is to be accepted as the international preliminary examining report under Article 35 and Rule 70.

[COMMENT: New rule to provide that (1) any timely reply to the ISR, except for those under Article 19, will be considered to be a Demand, and (2) where no reply is filed or the determination in the opinion is positive with respect to Article 33 applicant shall be considered to have filed a presumptive Demand. The rule further provides in the case of presumptive Demands, that the IB notify the elected offices that the ISR is to be accepted as the IPER.

Rule 59

The Competent International Preliminary Examining Authority

59.1 Demands Under Article 31(2)(a)

(a) Subject to Rule 59.2bis, for demands made under Article 31(2)(a), each receiving Office of or acting for a Contracting State bound by the provisions of Chapter II shall, in accordance with the terms of the applicable agreement referred to in Article 32(2) and (3), inform the International Bureau which International Preliminary Examining Authority is or which International Preliminary Examining Authorities are competent for the international preliminary examination of international applications filed with it. The International Bureau shall promptly publish such information. Where several International Preliminary Examining Authorities are competent, the provisions of Rule 35.2 shall apply *mutatis mutandis*.

(b) Subject to Rule 59.2bis, where the international application was filed with the International Bureau as receiving Office under Rule 19.1(a)(iii), Rule 35.3(a) and (b) shall apply *mutatis mutandis*. Paragraph (a) of this Rule shall not apply to the International Bureau as receiving Office under Rule 19.1(a)(iii).

59.2 *Demands Under Article 31(2)(b)*

Subject to Rule 59.2bis, as to demands made under Article 31(2)(b), the Assembly, in specifying the International Preliminary Examining Authority competent for international applications filed with a national Office which is an International Preliminary Examining Authority, shall give preference to that Authority; if the national Office is not an International Preliminary Examining Authority, the Assembly shall give preference to the International Preliminary Examining Authority recommended by that Office.

59.2bis Relationship between the International Preliminary Examining Authority and the International Searching Authority

An International Preliminary Examining Authority shall be competent for the international preliminary examination of an international application only when that Authority has acted as the International Searching Authority with regard to that application.

[COMMENT: Rule amended to provide that in order to be competent the IPEA must have also served as the ISA.]

59.3 [No change]

Rule 63

**Minimum Requirements for
International Preliminary Examining Authorities**

63.1 *Definition of Minimum Requirements*

The minimum requirements referred to in Article 32(3) shall be the following:

(i) and (ii) [No change]

(iii) that Office or organization must have a staff which is capable of examining in the required technical fields and which has the language facilities to understand at least those languages in which the minimum documentation referred to in Rule 34 is written or is translated;

(iv) that Office or organization must have been appointed as an International Searching Authority in accordance with Article 16(3).

[COMMENT: Rule amended so that IPEAs are also ISAs.]

Rule 66

**Procedure Before the
International Preliminary Examining Authority**

66.1 [No change]

66.2 *First Written Opinion of the International Preliminary Examining Authority*

[The rule as currently written should be deleted in its entirety and replaced by the following]

The opinion provided for in Rule 43.5bis shall constitute the first written opinion of the International Preliminary Examining Authority.

66.3 [~~Deleted~~]

66.4 *Additional Opportunity for Submitting Amendments or Arguments*

(a) If the International Preliminary Examining Authority wishes to issue one or more additional written opinions, it may do so, and Rules 43.5bis ~~66.2~~ and 43.7bis ~~66.3~~ shall apply.

(b) [No Change]

[COMMENT: Rules 66.2 to 66.4 have been amended/deleted in accordance with the fact that Rules 66.2 and 66.3 have been superseded by new Rules 43.5bis and 43.7bis.]

66.4bis to 66.9 [No change]

Rule 70

The International Preliminary Examination Report

70.1 to 70.11 [No change]

70.12 *Mention of Certain Defects and Other Matters*

If the International Preliminary Examining Authority considers that, at the time it prepares the report:

(i) the international application contains any ~~of the defects referred to in Rule 66.2(a)(iii)~~ defect in the form or contents of the international application under the Treaty or these Regulations, it shall include this opinion and the reasons therefore in the report;

(ii) the international application calls for any ~~of the observations referred to in Rule 66.2(a)(v)~~ observations on the clarity of the claims, the description, and the drawings, or the question whether the claims are fully supported by the description, it may include this opinion in the report and, if it does, it shall also indicate in the report the reasons for such opinion;

(iii) and (iv) [No change]

[COMMENT: Rule amended in accordance with the deletion of current Rules 66.2(a)(iii) and 66.2(a)(v).]

70.13 to 70.17 [No change]

[End of Annex and of document]