

## **Patent Cooperation Treaty (PCT) Working Group**

**Eleventh Session  
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### **THIRD PARTY OBSERVATIONS**

*Document prepared by the International Bureau*

#### **SUMMARY**

1. Circular C. PCT 1527 contained a report on the first five years of the PCT third party observation system, which began in July 2012. Responses to that Circular were very positive about the system as a matter of principle, but many Offices were unable to measure the practical effects in the national phase due to insufficient data. Opinions varied on whether the scope of observations should be extended to cover issues beyond novelty and inventive step. A number of suggestions for administrative improvements were made. The International Bureau recommends seeking to make the system better known in parts of the world where its usage is low and working to collect the data necessary to assess its national phase effect before making any substantive changes.

#### **SUMMARY OF THE THIRD PARTY OBSERVATION SYSTEM**

2. Some of the key aspects of the third party observation system are as follows:
  - (a) Observations may be made from the date of international publication until 28 months from the priority date. They may be submitted only through the electronic system provided for the purpose.
  - (b) The observations should relate to novelty and inventive step, though inevitably they may contain incidental comments on other issues, such as clarity, where this is relevant to determining the scope of the claim and, consequently, whether prior art documents are

relevant or not. The International Bureau does not apply this limitation strictly – observations are accepted as long as they appear to be primarily about novelty and inventive step and not contain matter which is obviously inappropriate. The International Bureau makes no examination as to the merits of the observations.

(c) Observations may be submitted anonymously.

(d) An observation may contain up to ten prior art references, which are collected in structured format, including bibliographic data, indications of relevant claims, relevant passages and a “brief explanation of relevance” of up to 5,000 characters. Each prior art reference may be accompanied by up to three uploaded PDF documents, which are made available only to the applicant, International Authorities and designated Offices (this was intended to allow for separate documents consisting of a copy of a citation, an abstract and a translation, but is not specifically limited as such). The observation may be accompanied by additional comments as a PDF document, made available to the public, intended to allow for inclusion of tables and formulae which cannot be pasted into the text boxes, or else for more easily explaining the relevance of multiple prior art references to inventive step.

(e) Each international application may receive a maximum of 10 third party observations.

(f) The applicant may submit comments on observations received until 30 months from the priority date.

(g) Observations and applicant comments are made available on PATENTSCOPE the day after they are processed by the International Bureau. They are promptly communicated to any competent International Authority, unless the relevant report has already been received. They are communicated to designated Offices collectively at 30 months from the priority date.

3. Communication to International Authorities is done actively – copies are always sent if the relevant report has not yet been received from that Authority. Communication to designated Offices is done in accordance with Rule 93*bis*, such that Offices may choose whether they are actively delivered or communicated only on request. At present, 11 designated Offices have chosen to have all observations actively transmitted to them. Others download them when they are required, if the international application enters the national phase. The United States Patent and Trademark Office as designated Office has indicated that it does not routinely retrieve these observations but expects the applicant to indicate relevant documents from the observations in the Information Disclosure Statement which is required on national phase entry.

### **SUMMARY OF FIRST FIVE YEARS OF OBSERVATIONS**

4. Circular C. PCT 1527 contained a report covering a variety of aspects of the observations which were submitted during the first five years of operation of the third party observation system in the PCT international phase.

5. Over the first five years of operation, 1,422 observations were accepted in relation to 1,394 international applications, an average of around 24 per month or one per working day or around 0.15 per cent of the total eligible international applications. The trend is generally a gradual increase in use. However, unsurprisingly for a low volume, the fluctuation between months is large as a proportion of the total numbers. The system was expected to be low like similar systems for making third party observations under national laws.

6. A majority of observations (78 per cent) were submitted anonymously. Partly as a result of this, the geographical distribution of the sources of observations is not clear. However, consideration of issues such as the language of the observation compared to the language of publication, as well as the source of the cited documents, suggests that observations may most frequently come from competitors located in the same region as where the international application was filed.

7. When the system was set up, there had been significant concern that it might be open to abuse by flooding the applicant and Offices with repetitive or largely irrelevant information. However, there has been no evidence of any such attempts. The largest number of observations received on a single application has been three. The most common number of cited prior art documents has been one, with the average 3.8 and maximum 22. Only 45 observations were rejected during the first five years. Of these, most were either made in error by people trying out the system, or else they contained relatively minor defects which were corrected and the observations resubmitted. The International Bureau is not aware of any cases where a deliberately filed observation would be likely to be considered unacceptable in a national third party observation process which allows observations on a broader range of patentability issues.

8. A large majority (over 90 per cent) of observations were made in English. This is partly because around half of international applications are published in English. However, a third party may select English for filing observations, even if that is neither the language of publication nor his native language, in order to make them accessible to as many designated Offices as possible, noting that the observations are not translated by the International Bureau.

9. Around 29 per cent of documents referred to in third party observations were non-patent literature – considerably higher than the proportion in international search reports (just over 10 per cent – see the report on Characteristics of International Search Reports in Circular C. PCT 1524). This reflects one of the original hopes for the system – that it would bring to light documents of types which may be known to competitors, but are not easily found by examiners.

10. A large proportion of documents referred to in third party observations were fairly new (published within the last few years before the international filing date and some falling into categories “E” or “P”). However, it is not clear how this distribution compares to documents cited in international search reports, this not being measured in the report on Characteristics of International Search Reports referred to above, and the necessary information not being available for non-patent literature in international search reports.

11. There was a very great tendency to leave observations until the last minute. Around 33 per cent of observations were received in the final week before the limit (28 months from the priority date); around 18 per cent in the last two days. The result of this is problematic in several ways:

- (a) observations are very rarely sent to the International Preliminary Examining Authority to be taken into account for international preliminary examination (since observations are only possible after international publication, it should be extremely rare for them to be sent to the International Searching Authority, no matter how quickly they are submitted);
- (b) the applicant has limited time available to consider whether to respond during the international phase;
- (c) where the International Bureau finds defects in the observation, it is frequently impossible to reject them and receive a corrected version before the time limit expires.

12. Very few applicants chose to respond to observations in the international phase – 4.5 per cent of applications with observations also have an applicant response.

### **RESPONSES TO CIRCULAR C. PCT 1527**

13. The International Bureau received 19 responses to the Circular – 17 from national or regional patent Offices and two from representatives of user groups. The comments were universally positive concerning the principle of third party observations in the international phase at least for the current scope of allowing references to prior art considered to be relevant to novelty or inventive step to be brought to the attention of examiners and other interested parties.

14. However, while some Offices were able to identify cases where the prior art had been found useful by the examiner, Offices were not able to provide meaningful overall evaluations of the “typical” value of an observation, either because too few relevant applications had entered the national phase, or else there was insufficient data to determine whether the observations had significantly affected the course of national search and examination without manually inspecting each file in detail. One Office noted that a significant proportion of the international observations had subsequently been re-submitted as national observations following national phase entry.

15. Offices had mixed views on whether it would be beneficial to extend the permitted scope of observations beyond novelty and inventive step. Some Offices considered that it may be useful to accept comments on any subject. Others considered that the existing system already addressed the key issue – that of allowing prior art and its perceived relevance to be made known to examiners – and that observations on other issues would not be useful. Reasons for this included that these were areas which should be adequately covered by the International Searching Authority to the extent practical at the international level, that national laws in these areas differed more than in respect of novelty and inventive step, and that the extra information would likely obscure the key points.

16. Specifically concerning issues of inventorship, several designated Offices pointed out that comments on this subject could be of no value because they either had no mandate to consider inventorship, or else it could only be done as part of an *inter partes* action, where the person claiming inventorship would need to file and present their case in accordance with the specific requirements of the national law.

17. One designated Office indicated that it would be useful if copies of cited documents were available from WIPO CASE (Centralized Access to Search and Examination), or if full information concerning observations could be pushed to designated Offices only in the case that there had been a national phase entry, rather than the “all or nothing” option which applies at present. It was also suggested that either people making observations should be encouraged to offer translations into English, where that language was not originally used, or else for machine translations to be made available by the International Bureau.

18. One comment from a user group suggested shortening the period for submitting observations and using the additional time before the end of the international phase to have the observations reviewed by the International Searching or Preliminary Examining Authority, as well as extra time for the applicant to comment. This user group added that the prior art cited in observations should be consistently reported to all designated Offices for consideration by examiners, without any need for the applicant to take the responsibility of forwarding that information.

## PROPOSED FURTHER WORK

### Improved Services Provided by the International Bureau

19. The third party observation system was created to capture as much information in structured format as possible. As such, the citation information and the “brief explanations of relevance” are available in an XML format which is closely based on the international search report. The volume of observations has never been sufficient to justify significant work to make better use of that information in its own right. However, now that approximately 65 per cent of international search reports are being received in XML, work is under way to provide more effective access to citation information covering both citations from XML search reports and third party observations. It is intended to offer the following functions through ePCT and PATENTSCOPE, which would likely result in the same information becoming available through WIPO CASE:

- (a) generate lists of citations in XML format reflecting both documents cited in the international search report and from any third party observations (in principle, this would be extended in the future to include documents cited in earlier national search reports and in the international preliminary reports on patentability, to the extent that the information could be extracted from an appropriate XML format);
- (b) generate lists of citations with links to copies of the documents where this is practical (for almost all patent documents and some non-patent literature);
- (c) machine translation into any PCT language of publication of third party observations (based on an equivalent service which is under development for international search reports).

### Advertising of the Service

20. While the use of the system in different parts of the world appears to depend to some extent on the degree of experience with third party observations in national systems, the use of third party observations in the international phase will depend largely on the extent to which the service is known. The International Bureau invites national Offices and national user associations to remind their users of the availability and potential benefits of the third party observation system.

### Evaluation of National Phase Effect

21. A useful evaluation of the effectiveness of observations for the national phase would require designated Offices either:

- (a) to manually evaluate a statistically significant number of applications where observations had been filed; or
- (b) to routinely provide machine readable information concerning the documents cited in first Office actions in the national phase, together with information concerning whether the application has been amended, in order to permit statistical analysis of citation patterns.

22. The International Bureau would welcome any information provided by designated Offices based on a manual evaluation of observations in the national phase, and would make such information more widely available. However, it is recognized that this is unlikely to be done by many Offices. Moreover, the results of any evaluations will not necessarily be easy to compare unless a common methodology were developed. The International Bureau would therefore encourage designated Offices to make available machine readable information concerning national phase citations. This is work which is already under way in some Offices since it is

very important for local quality management systems, services to applicants and third parties, evaluation of the way in which international search reports are used and for improving the services which can be offered through WIPO CASE and similar systems. Such information could also be used for evaluation of third party observations at no extra cost to national Offices.

#### Changes to Administrative Processes

23. The International Bureau notes the suggestion that the period for making observations be reduced and that all observations be evaluated by an International Authority. The International Bureau would be open to reducing the period for making observations if this would assist applicants in preparing responses to third party observations. However, it is not believed that a lack of time is the principal reason why very few applicants respond to third party observations in the international phase. Furthermore, it seems unrealistic that International Authorities would be willing to evaluate observations received after their reports had been finalized without payment of a fee for the service. Consequently, the International Bureau does not propose any change to the timing or involvement of International Authorities at this time.

#### Extension of the Permitted Scope of Observations

24. There is a significant degree of interest in extending the scope of third party observations to cover at least some issues beyond those of novelty and inventive step, but also some degree of concern, especially with relation to the question of inventorship. The International Bureau would propose leaving the scope of the system unchanged for the present, pending further evaluation of the effectiveness of existing observations in the national phase and development of services to permit delivery of customized information based on the effective processing of XML information, such as merging of data from different sources and machine translation to make the observations.

*25. The Working Group is invited to comment on the proposed further work set out in paragraphs 19 to 24, above.*

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