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SUBJECT: Work-sharing from an examiner's perspective[1]

SUBMITTED BY: President of the European Patent Office

ADDRESSEES: Administrative Council (for information)

SUMMARY

Work-sharing between patent offices is currently heralded by many policy makers as the solution to reduce the backlog in pending applications. What is often overlooked is that reutilization (the most commonly advocated form of work-sharing) is already practiced in most patent offices. Expectations of increased efficiency through (further) work-sharing are not based on evidence. This does not mean that further work-sharing should not be pursued, but the expectation that it will reduce the backlog problem is not realistic.

This document is submitted by the staff representatives via the President of the European Patent Office, in accordance with Article 9 (2.2)(b) of the Administrative Council's rules of procedure (see CA/D 8/06).

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[1] This document has been drafted in cooperation with staff representatives of the US and Australian patent offices and can be considered to represent a common position.

TABLE OF CONTENTS

I. INTRODUCTION

The history of Intellectual Property protection is one of increased harmonization and cooperation, starting with the Paris Convention of March 1883. Subsequent major steps in this direction were the signing of the Patent Cooperation Treaty in 1970 and of the European Patent Convention. In the past 15 years increasing workloads have given another push to harmonization and cooperation initiatives as national and regional offices tried to reduce their backlogs. Prominent examples are the various Patent Prosecution Highways (PPHs) between e.g. Japan and the US[2] and various other countries[3] , IP-5[4] , the European Patent Network[5], and the collaboration effort between Canada, UK and Australia known as the Vancouver group[6] .

The models now proposed range from mutual recognition, via re-utilization to cooperative search and examination. The participating offices expect an increase in efficiency and/or quality from these projects. The present document considers the various models in some more detail. It tries to establish in how far the offices' expectation are based on evidence. It also reports on examiners' experience with the models that have been tried.

II. CURRENT EXAMINING PRACTICE: RE-UTILIZATION

Something that appears to be overlooked by many policy makers hoping to increase efficiency by "re-utilization" is that "re-utilization" is already normal practice. For files that enter into the regional phase after PCT, the prior search and often the search opinion are in the file that arrives on the examiner's desk. Furthermore: ever since examiners were equipped with electronic search tools they routinely start their searches by checking whether another patent office has already done a search and if so what the results were, in particular if the application has a foreign priority. Many patent offices provide such information more or less automatically to their examiners.

Before means for electronic data-sharing were available, some offices (e.g. the USPTO) already obliged applicants to disclose prior art cited in other Offices. The EPO has recently introduced such a requirement (Rule 141 EPC). In the absence

[2] http://www.uspto.gov/patents/init_events/pph/pph_jpo.jsp
[3] http://www.jpo.go.jp/torikumi_e/t_torikumi_e/patent_highway_e.htm
[4] http://www.fiveipoffices.org/index.html;jsessionid=fz2ao3t13c5u
[5] http://www.epn-cooperation.org/index.php?option=com_content&view=article&id=47&Itemid=54
[6] http://www.wipo.int/meetings/en/2009/sym_ip_auth/pdf/philipp_noonan_b.pdf

of a means to enforce compliance[7] this clause is, however, likely to be less effective in the EPO.

If the historical *de facto* re-utilization has not led to significant efficiency gains this is probably because:

- searching for and checking the work done by others also involves work. This investment is lost if no earlier search results are, found or the results found are judged not useful,

- even if relevant documents were found in a previous search, an examiner will normally search aspects of the invention that are not yet covered by prior art, or search for background information to improve the understanding of the context to the invention,

- volume and *complexity* of both applications and prior art have increased dramatically, and continue to increase, whereas applicants have in general become less cooperative, possibly due to higher economic pressure (patent as a means to raise funds).

Concerning the last point: in the EPO the average number of claims per application increased by 50% from 14 to 21 between 1995 and 2004, with some technical fields (e.g. biotechnology) at double that number. The results of a fee policy aimed at reducing claim numbers are reported to be "disappointing" (CA/149/08).

Between 2000 and 2007 the total number of records available in the EPO search databases increased from about 100 million to 370 million, i.e. by a factor 3.7. To this the external material (internet) must be added. In other words: any gains achievable through work-sharing have probably been absorbed by the increasing volume and complexity of the applications and of the prior art.

It is furthermore important to realise that re-utilization most benefits the office with the longest delays. Hence the practice of allowing an application that is difficult to search to “mature”, i.e. postponing the search in the hope that a family member or otherwise related applications will be searched elsewhere, is probably not uncommon in offices where this is possible. Offices that allow deferred search and examination are also in a better position to re-utilise work done elsewhere than offices that do not.

[7] The EPC does not have the concept of "Fraud on the patent office", i.e. applicants do not risk losing their application when misinforming the EPO.

III. WORK-SHARING PILOT PROJECTS

The main work-sharing models that are currently being discussed are

1. re-utilization of search and examination work,

2. cooperative search and examination, and

3. mutual recognition.

A. RE-UTILIZATION OF SEARCH, EXAMINATION AND CLASSIFICATION

Improving **re-utilization** has been piloted by several offices. The EPO has done what was called a "Utilization Pilot Project" (UPP). The aim of the project was to assess the degree to which searches from European national patent offices (NPOs) could be re-used as a means to increase efficiency at the EPO. The participating offices were the Danish Office, the Austrian office and the German patent office. Initially voluntary participants were sought, but this policy had to be abandoned because of lack of interest from the applicants. The number of participating offices furthermore had to be reduced since the number of applications provided by the Danish and Austrian offices was too small to be statistically significant.

The results of the pilot were reported in documents CA/147/08 and CA/147/08 add.1. No increase in efficiency was found[8]: of the participating examiners 58% report having spent extra time on the files, against 29% who saved time and 13% who found the exercise to be time neutral. Nevertheless the conclusion of the report is: "*The weighted average after removing extreme outlier data points (sic!) shows a perceived extra time investment of 2.7%. Given normal survey error this can be seen as close to zero time saving / extra time investment which suggests that there can be a time saving in normal operation." This despite the fact that of the examiners who were asked "In a normal operating situation would the available NPO products have saved you time overall?"* 70% answered "no".

The conclusions drawn from the data are therefore questionable and seem to reflect primarily the high hopes the policy makers put in work-sharing as a means to solve the current work-load problems.

[8] CA/147/08 add. 1, Figs. 27-29

Implementing a re-utilization policy on the basis of such results with the expectation that efficiency increases could have a negative impact of the patent system as a whole. Given that the constraints on the examiners are such that they will generally have to achieve the quantitative targets set by an office[9], the risk of a decrease in quality is very real. Moreover, should examiners be successful in resisting the increased pressure put upon them then the consequence would be increased back-logs, particularly if recruitment is reduced in expectation of unrealistic efficiency gains.

This does not mean that patent offices should *not* pursue re-utilization. Examiners have benefited and will continue to benefit from re-utilizing work done in other offices. The “Utilization Pilot Project” mentioned above did find an increase in quality that could be expected from having “a second pair of eyes” looking at the application, and that could be real. Informal feedback from applicants suggests that the increase in quality obtained by “a second pair of eyes” is a reason why e.g. some US applicants file their PCTs at the EPO.

Re-utilization could further be improved by making the data from more offices available, and making these data available at an earlier stage. In this context the exchange of non-published data is being considered by many offices. The re-utilization process could probably be stream-lined if each office were to concentrate on delivering a timely search, and search opinion or first official action on its respective first filings. Applicants could furthermore be required to respond to the objections raised in the office of first fling before examination commences at the other offices, and to propose appropriate corresponding amendments in each of the offices where the application has been filed[10].

Any scheme for prioritizing and re-utilizing work must, however, carefully consider possible applicant behaviours. Where applicants have a choice they may select a given office on the basis of costs or of perceived quality (which could be either a higher or a lower perceived quality). If this results in a bias in favour of a given office, this could actually increase the backlogs in that office. Furthermore a solution must be found to account for the difference between offices that practice deferred search and examination, and those that do not.

At a more fundamental level: both the users of the patent system and the examiners would benefit from a harmonization of patent law. We still have the difference between a first-to-invent vs. a first-to- file system, differences in

[9] http://works.bepress.com/cgi/viewcontent.cgi?article=1059&context=rkatznelson
[10] http://www.popa.org/pdf/newsletters/2010_02.pdf

patentable subject-matter, and differences in disclosure requirements. Obviously, where law and/or practice differ between offices, work-sharing is rendered difficult.

In conclusion: re-utilization practices could and should be improved. However, it seems unrealistic to expect this to lead to a substantial reduction of the backlogs.

B. COLLABORATIVE SEARCHING

Possibly the first attempt at **collaborative searching** was done in the trilateral (EPO, JPO, USPTO) "Project B3a"[11] . The conclusion from this very small-scale project (9 searches) was that much benefit did not result from the collaboration amongst the examiners in the Trilateral Offices, namely, a comparison of shared search results did not significantly change the examiner's determination of "novelty" or "inventive step" requirements of the claims. The document is silent regarding the time requirements. More recently efforts towards cooperative searching have been made in the context of the JPO - German patent office PPH. The EPO is currently planning a pilot project for collaborative searching with the Korean and the US offices.

The experience with collaborative searching of the examiners in the German patent office seems to be largely positive. Informal feedback is that the quality of the searches is greatly improved through two mechanisms:

- better access to Japanese language databases through the search of the Japanese counter-part, and

- a better understanding of the technical matter of the (translated) application through a personal exchange with the Japanese counterpart. This allows for a better search strategy.

It is, however, reported that the time needed for such a collaborative search is significantly higher than for a normal search. The quality gains through collaborative searches are likely to be higher between offices that do not share an official language (e.g. between an Asian office and an English speaking office) than if the participating offices use the same language. In both situations collaborative searching and examination, even if practiced for only a fraction of the work, can nevertheless contribute to a mutual understanding and eventually harmonization of practice that could be beneficial in the long run.

[11] See Trilateral Project B3a - Report on Concurrent Search Pilot Program, 5-9 November 2009

C. MUTUAL RECOGNITION

Mutual recognition of *preliminary* search and examination results is actually practiced in the PCT procedure. Some less developed patent offices also de facto recognize the outcome of the procedures in the major patent offices. It could be argued that the outsourcing of searches to other national patent offices previously practiced by the UK office and by the EPO comes close to recognition of the search results[12]. In particular the UK patent office has pleaded in recent years for mutual recognition of final results (granted patents) on a larger scale[13].

We are not aware that any of the major patent offices has actually run a pilot on such mutual recognition of search and examination results. Part of the reason is probably that there are important legal hurdles at the level of state sovereignty. For mutual recognition to be practicable also differences in patent law should be overcome. Although mutual recognition could increase efficiency at the search and examination stage, there is a fear that this would result in a "race towards the bottom" if applicants would select the most lenient patent office. This in turn could lead to increased litigation, i.e. decrease efficiency at the patent enforcement stage, and further bias the patent system in favour of big cash-strong companies, to the detriment of less affluent small and medium-sized businesses.

Whatever applicants' selection criteria will be, it must be understood that mutual recognition puts patent offices in direct competition with each other. This means that there is a risk of there being a few big "winners" that will see their backlog increase, and many "losers" that will see their applications disappear.

The most important hurdle for mutual recognition seems to be quality control[14]. Moreover, even with correct quality control it may be all but impossible to avoid apparent and perceived conflicts of interest, i.e. to guarantee that a national patent office will be universally trusted to resist pressure that could be exerted on it to favour applications from its national industry. Just as an illustration: it is difficult to

[12] Examiners were in theory free to do an additional search but without any time allocated for this. Such additional searches must not have been frequent.

[13] See letter from Baroness Delyth Morgan and a recent report of the UKIPO on mutual recognition http://www.ipo.gov.uk/p-backlog-report.pdf

[14] It would seem difficult to come to the politically incorrect conclusion that a candidate or participating national patent office does not, or no longer, meet the agreed quality standards. The obvious solution (very low, mainly procedural standards) does not seem beneficial for the patent system as a whole.

imagine Finnish industry supporting the recognition, without any further verification, of all Siemens patents granted by the German office and German industry supporting the recognition, in Germany and elsewhere, of all Nokia patents granted by Finnish office.

IV. CONCLUSIONS

Re-utilization of work done by other patent offices is already commonly practiced by examiners world-wide. It is likely that such re-utilization has led to some gains in efficiency, and almost certainly in quality, but that these gains have been offset by the increase in file complexity and in volume of prior art. Although such re-utilization could and should probably be improved (e.g. by providing easier access to documentation, prioritization of first filings and harmonization of patent law), it is unlikely to provide a solution for the global back-log problem.

Re-utilization and collaborative searching are likely to increase the quality of searches, in particular if the participating offices do not have the same (main) language. This in itself should justify efforts in that direction. An increase in efficiency cannot, however, be expected.

Mutual recognition would not seem feasible at the moment due to legal constraints. A careful analysis of possible side effects, amongst others on quality / legal certainty and on workload distribution, would also be necessary.