A Private Practitioner’s View on the Backlogs of Major Patent Offices
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FICPI/AIPLA Colloquium, Rome, 18 November 20, 2001

Ladies and Gentlemen,

Patent Attorneys and SMEs
My perspective is that of a patent attorney in private practice. I have worked in that capacity for about 30 years, in a private firm in Stockholm, serving local clients as well as foreign clients seeking patent protection or advice on Swedish patent law and practice. I will try to present some views which I believe are common to my FICPI colleagues all around the world and represent our professional interests, but also our business interests – a patent firm is indeed a small business entity – and the interests of staff members of such firms. In a typical firm there are just as many or even more support staff members as there are patent attorneys. The support staff members take care of clerical and secretarial matters which are very important because of the high volume of formalities involved in our work. We have to cope with the peculiarities of the still not harmonised patent systems around the world.

A patent attorney normally works in close contact with his clients, especially small and medium-sized enterprises. These SME’s are not organised as much as big business, and they rarely make themselves heard. However, we believe that we have many common interests with the SME’s and can represent their views as well.

Patent System Infrastructure
Patent attorneys do not operate in vacuum. We are very much part of a patent system infrastructure. This infrastructure exists on a global level, with a network of attorney firms exchanging international work on behalf of their respective clients, but also on regional and national levels. Traditionally, there has been a close network of attorney firms in Europe, but nowadays the work has spread to a large degree all around the globe. Swedish companies file frequently in China, Japanese companies file in the US and in Europe, and US companies file in all parts of the world, depending on the particular kind of business.

Nevertheless, there is still a very strong national or local infrastructure in a great number of places around the world. Such infrastructures exist in various regions and nations. A typical infrastructure comprises a national patent office, patent attorney firms and, as the very basis, a great number of industrial companies of
different sizes, some of them operating on the world market or on a domestic market, and others operating as suppliers to other companies in the region. These companies all have patent departments with a number of experts or a single contact person being in frequent or daily contact with a patent attorney firm. In turn, the attorney firms, and some of the industrial patent departments, are in daily contact with the national patent office in the course of prosecuting patent applications.

There are all sorts of statistics flying around. All these indicate clearly that the overwhelming majority of first filings are made with national patent offices. Consequently, virtually all patent applications are prepared locally by corporate patent experts or private patent attorneys and are then filed at the respective national patent office. The total number of inventions subject to first filings yearly are in the order of 800,000. Out of these, some 200,000 are filed subsequently also in other countries, more than half of them via the PCT route.

So, the major part of the preparatory work with basic patent applications, and the first filings, are related to efforts made within a national patent system infrastructure involving industrial companies, patent attorney firms, a national patent office, as well as various supporting specialists, such as private searchers, translators, and IP lawyers involved in licensing and litigation.

There are a number of factors cementing the national infrastructure, notably education and training, personal contacts, language, finance and culture that make most people stay within their own country. But there is also a specific interdependence among the persons involved in the patent system infrastructure. Nowadays, there is a frequent job rotation between the corporate patent departments, patent attorneys firms and patent authorities. In Sweden, there are some 700 professionals who are active in these three categories, and during recent years there has been a clear tendency of an increased mobility between these categories of jobs. Accordingly, there is not a sharp line between these professions. The classical routes from the patent office to a corporate patent department or an attorney firm has been changed to a dynamic, random movement in all directions.

It follows from the above that the total expertise actively involved in the patent work in a given country comprise all persons in the national patent system infrastructure. This should be borne in mind when discussing training programs and issues relating to decentralisation or centralisation of the patent system. Moreover, in each country or local region of a large country, it is necessary to have a critical mass of persons involved in the infrastructure to keep up a reasonable quality.
Commercial and Political regions with separate infrastructures

Of course, the political boundaries govern the boundaries of different patent systems. However, commercial activities also play an important role for the formation of distinct patent systems around the world. Although the PCT system couples all these systems in a remarkable way, in spite of the still fundamental differences in substantive patent law, there are regional and national patent system infrastructures associated with the commercial and industrial centres of the world.

These distinct infrastructures are grouped somewhat differently from the trilateral division of the USPTO, EPO and the JPO. Accordingly, there are several geographically separated infrastructures in various parts of Canada and the US, in some of the Latin American countries, notably in Brazil. In Europe, there are distinct infrastructures in all major European countries but even in relatively small countries, for example in the Scandinavian countries. Other major infrastructures are those in South Africa, Russia, Korea, Japan, China (with some 6000 patent attorneys), South East Asia, Australia and New Zealand. It is true that many of these regions are served by national or local PCT search and examination authorities. That is good for the proper operation of the patent system, i.e. with a high quality patent office working in symbiosis with the industrial companies, patent attorneys and various supporting experts.

Centralisation and Decentralisation

However, in this respect, there is a remarkable imbalance involving the European Patent Office. Whereas Japan, Russia, Korea, China and Australia all have their own PCT authorities, the major part of international searches and examinations for a number of highly industrialised countries are made by a single Authority, the European Patent Office, which carries out work for applicants from Canada, the US, Brazil, Germany, the United Kingdom, France, Italy and South Africa. Of course, there is a historical explanation for this situation, but the centralisation of this large volume of work is indeed remarkable, especially in view of the diverse national patent systems being served by the EPO.

The historical background of the European patent system was the crisis experienced at various national patent offices during the economic boom following the Second World War. At that time, parallel applications on the same invention were prosecuted in all major patent offices. The search and examination work was duplicated to a very large extent, and the system just about collapsed. Some major countries, notably Germany and Japan introduced deferred examination, but the crisis was solved only upon the introduction of the PCT and EPC systems. At the time, it was necessary to agree on a protocol of centralisation within the European patent system, in order to make sure that the
newly created EPO should get a good start and to avoid further duplication of the work.

We all know what happened. The PCT and the EPC became success stories. It is also widely acknowledged that the search and examination practice of the EPO has a very high quality despite the very large volumes being handled. Now, the present overload situation seems to turn into a new crisis of the patent system. The EPO expands rapidly, but the incoming work increases at an even higher rate. This year, the EPO expects to receive some 160,000 new applications, whereas the output in terms of finalized applications is less than half of that number. No, doubt, the number of pending applications will continue to grow as will the average time of pendency of European patent applications.

Naturally, it is difficult for an organisation to grow at such a rate and still keep up quality. So far, the growth has not affected the quality of the work performed. However, an even higher growth rate can hardly be achieved without some negative effects. Also, it is generally known from other kinds of organisations and institutions, like hospitals, that it is difficult to operate and manage very large units.

Work sharing
Accordingly, a logical way to solve the problem would be to let other patent offices absorb the further accelerated growth, so that the EPO is permitted to manage a reasonable volume, which may still be higher than today. One important step in this process has already been taken, by way of the amended agreement between EPO and WIPO which will significantly reduce the PCT work originating from the US. However, this is probably not enough. We suggest that further national patent offices be appointed as PCT authorities, e.g. the Canadian, the Brazilian, the South African and some further European patent offices.

Sub-contracting work within Europe
Within Europe, search and possibly also examination work could be sub-contracted to the still remaining national patent offices. Of course, these national patent offices have adapted their capacity in view of the protocol of centralisation and in response to the current numbers of filings. Nevertheless, if there is a clear political will to reenergize these offices, it could be done. In this respect, one should look at the respective infrastructure, including all examiners, patent attorneys and corporate patent experts when evaluating the possible growth rate on a national level. The still existing staff of patent office examiners is a valuable resource which should now be utilised in a sensible way. Surely, under the present circumstances, the work base for the EPO is very large and will remain so in the future. So there is no risk that the sub-contracted
national offices would threaten the well-functioning EPO or the high quality that characterises its work today. Also, the reasons for establishing the protocol of centralisation no longer exist.

Sub-contracting of work within Europe would not constitute a way back to the early 70’s with parallel search and examination of the same inventions. Rather, the framework would be the European Patent Convention and the future Community Patent Regulation. In fact, the “Common Approach” agreed upon among the EU member states includes the wording that, in addition to the central role to be played by the EPO, “those national patent offices which so wish could carry out, in their respective working languages, activities, such as searches, concerning the processing of a number of applications for Community patents...” Thus, our suggestion of sub-contracting work is consistent with the political compromise reached in May this year.

In our view, industry and especially the SMEs, are better served by a decentralised system with an infrastructure which is effective and operative in their own national environment. For them, as well for the patent attorneys who serve them, it would be beneficial to maintain and possibly also strengthen the existing national patent offices by providing a work base that will enable an increased number of examiners in each such office.

It has been argued that the possible contribution would be practically insignificant, but if efforts are made to increase the capacity of each such national office (I believe there are at least seven of them today within Europe) the contribution would be substantial after, say, five years time. Also, since the total capacity has to increase substantially, it will be advantageous to achieve this by a moderate relative growth of an enlarged system as compared to a very rapid growth of the EPO alone.

There would also be a bonus in that the patent system infrastructure can be maintained throughout the industrialised parts of Europe where there is a need for the SMEs to patent their inventions. We believe that this would foster the competitiveness of these European SMEs. Even the large European companies would gain from a strengthened patent system infrastructure.

**Modern search tools**

The possibilities of decentralisation have become much better during recent years thanks to the computerised searching methods generally practised today. No paper documentation is necessary, and it is relatively easy to install the necessary software and make connections to the relevant data bases. What is needed is a common standard of searching and a common shared prior art data base along with appropriate training and quality control. Since there are a good
number of national patent offices still in operation in Europe, such a scheme is quite feasible provided there is a political will to implement it.

**PCT Reform and substantive harmonisation**

Of course, there is now a process of reforming the PCT system, in parallel to the efforts of harmonising substantive patent law. These two projects have to go hand in hand to achieve real progress. It is quite clear that it is not yet possible to grant a global patent, on the basis of a PCT application being searched and examined by a single PCT authority, for the simple reason that a complete search cannot be made as long as the novelty rules are not the same and, to an even higher extent, examination of patentability cannot be made in any one place as long as the boundaries of the patentable domain and the criteria of patentability are not either harmonised. Accordingly, in the short term, it is not realistic to expect implementation of a global patent system built on mutual recognition of examination results.

However, a reasonable assumption is that search results can obtain much wider recognition than today. We believe that it is necessary to promote such recognition of searches, performed by any PCT international searching authority, in order to avoid duplication of work. Possibly, however, truly supplementary searches should be carried out in order to ensure a coverage of all relevant search material in view of linguistic restraints. A US examiner may consider prior art originating from various parts of the world, but he does not discover any other documents than those originating from the US. Japanese examiners cannot search through all relevant European documents, and a European examiner is almost lost when he has to evaluate abstracts of Japanese and Russian documents. Without understanding the full text of a given document, it is not possible to make a proper evaluation of such a document even for the purpose of assessing novelty.

Nevertheless, in order to avoid a total breakdown of the patent system under the present workload, we have to make some kind of compromise and accept an imperfect system. So, perhaps there is no other way than to accept and recognise the novelty searches made by any PCT international searching authority as a sufficient base for assessing patentability. Then, the total amount of searches can be limited to a level that we can cope with.

**International searches and international preliminary examinations**

Among FICPI members, it is generally felt that a high quality search is a critically important for the PCT system to work properly. We would also wish to have a possibility of requesting supplemental or top up searches, but we realise that this may not be possible to implement shortly. In any case, it is vital that the existing high standards of international searching is maintained, or even
improved. Also, in the interest of third parties, the present time frame for establishing search reports should not be altered even though the Chapter I national entry date has now been deferred to at least 30 months.

To FICPI members, the international preliminary examination report is of less value than the search report, since it is not generally accepted by the major patent offices. Normally, during the national or regional phase processing of the application, the major patent offices reveal further prior art and make the preliminary examination report obsolete. Nevertheless, an IPER is often useful to applicants who need an opinion at an early stage, before incurring the costs of entering the national or regional phase, perhaps to secure financial support. Also, when the PCT application is pursued in a developing country, having no authority capable of examining patent applications, the IPER is relied upon by such a country. So, we favour that IPE be maintained as an option to PCT applicants.

Concerning the proposed extended international search report, EISR, including an opinion on patentability, it is important that such opinions are not merely a word processing exercise with a computerised wording being predetermined by the existence of X or Y category citations in the search report. We must assume that a real effort is made so as to give the applicant some further relevant information. Also, we think it is important to retain a full and fair international preliminary examination procedure with possible claim amendments under Article 34 and a possible personal interview under Rule 66.6.

**Patent Law Treaty 2000**
Apart from the PCT system, we believe that the Patent Law Treaty on formalities, concluded last year, would also help out to some extent to ease the workload on patent offices. Many formal duties will be eliminated or simplified. Therefore, we would welcome an early implementation of the PLT, not only with respect to national patent applications and national/regional phase applications, but also with respect to the international phase of PCT applications, as currently being discussed in the PCT Reform Working Group.

**Problems with centralisation and backlogs**
For the private practitioner, as well as for the SMEs, the centralisation of patent offices has some drawbacks because of the distances between the office and the users. In a national system, informal contacts can be made in a number of important situations, namely in connection with pre-filing searches and during prosecution of patent applications. Personal interviews are often conducted in a cost-efficient way. On the other hand, when the office is remotely located, such contacts are time consuming and expensive. Therefore, such informal contacts have to be replaced by telephone conversations or will not take place at all.
The long pendencies of patent applications, which we experience today, can be handled by the practitioners. We have docketing and filing systems which can cope with long delays. However, there are definite drawbacks to the applicants, especially SMEs. In the new technology sectors, in IT and telecom, start-up enterprises and other relatively small companies often rely on patent protection for financing, licensing or other business purposes. For them a time span of 10 years is very long. Yet 10 years is a typical duration for obtaining wide-spread patent protection around the world. Often, the duration of the pending patent applications is longer than the duration of the granted patents up to the time when the patentee no longer pays the maintenance fees.

The long duration is also a drawback for the training of patent attorneys and other staff members. You learn by experience, and it now takes more than ten years to gain full experience from prosecuting a series of patent applications up to grant in a number of countries. If you want experience from appeal procedures as well, the time for this will be even longer.

Other issues to be resolved
For the users of the patent system, there are a number of other problems related to the lacking harmonisation. Thus, there are relatively trivial differences that make it necessary for the practitioners to do a lot of extra formal work. Abstracts and claims should be provided with reference signs in European applications, whereas these have to be removed in some other jurisdictions. Multiple dependent claims are permitted in some countries but not in others. Best mode is necessary in the US but not in other countries. The requirements on the disclosure is also different. So, it is difficult if not impossible to draft a patent application in a format that is acceptable in all jurisdictions.

The standards of unity of invention are different, and the way of charging for lengthy applications also varies. In some countries, there are extra charges for independent claims. Others charge for claims in excess of 10 claims, and still others charge for all dependent claims. Of course, the patent offices have severe problems with lengthy or mega applications which contribute significantly to the backlogs. We would suggest that these problems may be reduced by appropriate fees on extra claims.

Accordingly, there are several problems that may be solved in order to arrive at a more cost-effective system.

Conclusions
To summarise, FICPI believes that a sensible use of the PCT system is the best way to cope with the backlog problems. This should involve spreading of the
work, appointing more PCT authorities, sub-contracting work from the EPO to national patent offices, and promoting mutual recognition of search results. Also, implementation of the PLT 2000 is important as well as harmonisation of substantive patent law and stream-lining some practical requirements on patent applications.