

## DRAFT RESOLUTION

### Patent Cooperation Treaty Issues Committee of AIPLA

5           RESOLVED, that the American Intellectual Property Law Association (AIPLA) favors  
the United States Patent and Trademark Office (USPTO), in its examination of a US  
national phase from a Patent Cooperation Treaty application, giving presumptive and  
substantial deference to any favorable findings of the International Searching Authority  
10           of the USPTO, and to any favorable findings of the International Preliminary Examining  
Authority of the USPTO, subject to any required top-up search.

#### Discussion

15           Reduced to simplest terms, it is suggested that the USPTO should “give full faith and credit to work  
product emerging from the USPTO”. USPTO should take whatever steps are necessary so that if  
ISA/US (or IPEA/US) finds an application to be patentable, the USPTO will nearly automatically allow  
that same application when it enters the US national phase. This will hereinafter be called giving “full  
faith and credit.”

20           By way of background, every PCT application is searched and examined by an International Searching  
Authority. Some applicants choose in addition to file a Demand, by which they purchase the services  
of an International Preliminary Examining Authority. Later the applicant enters the national or regional  
phase in one or more patent offices. The work product of the ISA is communicated in what is called an  
International Search Report and Written Opinion of the ISA (ISR/WO). In those cases where the  
25           applicant has purchased the services of an IPEA, the work product of the IPEA is communicated in  
what is called a Written Opinion of the IPEA and International Preliminary Report on Patentability  
under Chapter II of the Patent Cooperation Treaty (IPRP-II).

30           The US joined the PCT (Patent Cooperation Treaty) in 1978. From the outset, the USPTO has served  
as an International Searching Authority. When the US joined Chapter II of the Treaty, the USPTO  
began to serve as an International Preliminary Examining Authority. In its role as ISA/US and  
IPEA/US, the USPTO has evaluated the patentability of inventions claimed in PCT patent applications  
filed by applicants in the US and in many other countries. Until about eight years ago, the work of  
ISA/US and IPEA/US was carried out by examiners in USPTO's Examining Corps. It was not  
35           uncommon for an applicant, having received an international-phase finding as to patentability from (for  
example) ISA/US, and upon entering the US national phase, to have the same Examiner examining the  
US national phase as the Examiner who did the work in the international phase. It was likewise not  
uncommon to have an allowance on first office action in the US national phase for an application that  
had received a favorable finding from that same Examiner in the international phase.

40           Starting about eight years ago, the USPTO began outsourcing the work of ISA/US. With outsourcing,  
the findings as to patentability were carried out not by Examiners in USPTO's Examining Corps but by  
non-examiners in the employ of private contractors. The outsourcing continues to this day.

45           One might guess that under these circumstances, a USPTO Examiner examining a US national phase  
application for patentability would tend to give little or no deference to the finding as to patentability  
from ISA/US (that is, the finding of the employee of the private contractor). And indeed many

practitioners report that little or no deference is given. Many practitioners report, to the contrary, that what often happens is that the USPTO Examiner examining a US national phase application for patentability will reject the application over references that were not cited by the ISA/US. Many practitioners report that the findings of ISA/US are not helpful in predicting what will happen in the US national phase. The impression from the applicant's perspective is that the ISA/US work product, if favorable, is nearly always ignored by the US Examiner in the national phase.

(The present discussion focuses mostly on ISA/US work product because for most PCT applications, no Demand is filed and thus there is no IPEA/US work product that might or might not have been given deference at later times. But the proposed Resolution addresses itself to both kinds of work product because the underlying policy goals are the same.)

It is helpful to compare the situation in the US with the situation elsewhere. Most notably, if a PCT applicant picks ISA/EP as its searching authority, and if ISA/EP finds the application to be patentable, then an entry into the European regional phase is treated favorably. The EPO, examining the EP regional phase of the PCT application, gives strong and presumptive weight to the favorable findings of ISA/EP. The fees charged by EPO for such an EP regional phase are heavily discounted as a reflection that EPO has already done the work of searching and examining the application. But more importantly, in nearly all cases the EPO simply allows the application. The allowance is nearly automatic. The European Patent Office, by giving "full faith and credit" to its own work product, "drinks its own champagne."

The observed "full faith and credit" behavior of the EPO is no surprise because in nearly every case the Examiner handling the regional-phase entry is the same Examiner that did the ISA/EP or IPEA/EP work. In other words the Examiner is relying upon and trusting his or her own work. Another way to describe the workflow within EPO is that the organization only searches an application once. If the application is a direct EPO filing, then that application is searched as part of the examination of the direct EPO filing. If on the other hand the application began as a PCT application for which EPO serves as the ISA or IPEA, then the application is searched in the ISA/EP or IPEA/EP, and is not searched again in the EP regional phase (other than for a "top-up" search).

(As a matter of terminology, some members of the intellectual property community call this "eating its own dog food", and others call it "giving full faith and credit" to the international-phase work. Also as a matter of terminology, by "top-up" search we mean a search for items that were published after the original search and after the 18-month publication date.)

Every patent office, if asked, will of course say that it has quality standards and tries to maintain quality in its work. Every patent office that serves as an ISA or IPEA likewise will say that it tries to maintain quality in its work as an ISA and IPEA. But actions speak louder than words. The decades during which EPO has nearly automatically allowed an EP regional phase from a PCT, if the ISA/EP or IPEA/EP found the application to be patentable, are decades during which EPO has communicated by its own actions the faith and confidence that it places in the findings of its ISA and its IPEA.

A practical consequence of this practice by EPO is that around the world, examiners in many patent offices automatically place great trust in favorable patentability findings from ISA/EP and IPEA/EP. There are many patent offices around the world in which an allowance is nearly automatically given in a national phase if the ISA/EP or IPEA/EP found the PCT application to be patentable. Such nearly

automatic allowances in some patent offices are due to stated policy, and in other patent offices are due to unstated but consistent deference by examiners. The work product of ISA/EP and IPEA/EP is, in the eyes of many practitioners and in the eyes of many examiners, a “gold standard” for determinations as to patentability.

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In contrast, the anecdotal experience of practitioners is that patent offices outside of the US often give little or no deference to the work product of ISA/US or IPEA/US. Many examiners in patent offices outside of the US are aware that the work of ISA/US is outsourced, and are aware that Examiners in the USPTO examining US national-phase applications often do not give much if any deference to the outsourced work.

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The goal of this draft resolution is to encourage USPTO to take steps so that it, like EPO, would “give full faith and credit to work product emerging from the USPTO”. The desired outcome would be that a favorable finding by ISA/US or IPEA/US would lead to a nearly automatic allowance by USPTO in the US national phase, subject to any needed “top-up” search.

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Were USPTO to communicate by such conduct its faith and confidence in its ISA and IPEA work, many benefits would follow. Most directly, this would promote science and the useful arts. Inventors would be able more confidently to make decisions about patent expenditures knowing that real deference would be given to ISA/US and IPEA/US findings. Inventors who have invented things that are patentable would be able to obtain their patents sooner and more economically than was previously possible.

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Another important benefit would be to avoid otherwise needless duplication of work by the USPTO. Under present practice, USPTO often searches and examines patent applications twice – once in the international phase (by its outsourced contractor) and again in the US national phase (by its own Examiner). From the applicant's point of view, it appears that the Examiner has little or no trust in the work of the contractor. This is wasteful of limited human resources. It should only be necessary for USPTO to search and examine an application once, to work out whether it is patentable or it is not.

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Still another important benefit would develop over time. After some years during which USPTO were to be seen as automatically granting patents in US national phase applications for which ISA/US or IPEA/US gave favorable treatment, the practical consequence would be that patent offices around the world would place much greater trust in the quality of the work product of ISA/US and IPEA/US. This would be a source of deserved pride within the USPTO and would reflect well upon the US.

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Were USPTO to be observed consistently “giving full faith and credit” for some years, this together with EPO's long-standing practice of doing so, would set a valuable example for other patent offices that provide ISA services. It can be imagined that this might encourage other patent offices (perhaps for example the other members of IP5, that is, the patent offices of Japan, Korea, and China) to move in this direction.

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A report called the PCT/WG/2/3 - "The Future of the PCT" prepared by the World Intellectual Property Organization talks about the importance of a patent office giving full faith and credit to its own work. The report says:

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Most fundamental is the Treaty requirement obliging each International Searching Authority

(ISA) to conduct an international search which is as good as its facilities permit. This means that the international search must be *at least* as good as would be performed for national applications. One of the first actions which is necessary for ISAs must be a commitment not only to making this true, but to *demonstrating to everybody* that it is the case by themselves fully relying on this work in the national phase. In other words, each ISA should, to the greatest extent possible, do the work only once, during the international phase, and fully integrate that work into its national granting procedure when the same application later enters the national phase before the same Office acting as a designated Office. (paragraph 13)

In order for work done in the international phase to be useful to designated Offices, and by extension to applicants and third parties, it is essential that the work is done in accordance with the requirements of the Treaty and that there *is confidence that it has been done* in accordance with the requirements of the Treaty. The largest possible step towards building this confidence is an assurance by International Authorities that work performed by them during the international phase will not be repeated by the same Office acting as a designated Office in the national phase. In other words, each ISA should, to the greatest extent possible, do the work only once, during the international phase, and fully integrate that work into its national granting procedure when the same application later enters the national phase before the same Office acting as a designated Office. (Annex I, paragraph 2)

It is not the purpose of this resolution to dictate just how the USPTO would bring about such results. For example this resolution does not specifically suggest that USPTO discontinue its outsourcing of ISA/US work. USPTO already imposes some quality standards on its ISA contractors; perhaps stricter quality standards and/or stricter enforcement of existing quality standards might bring about such results. Indeed on one recent measure (the proportion of work product in which at least one X or Y reference is cited) the average quality of the outsourced ISA/US work is actually superior to that of the Examining Corps. This is reason for some hope that US examiners might eventually come to rely upon and to trust the outsourced work.

On the other hand if USPTO were to cease the outsourcing and if it were to bring the ISA/US work back into the Examining Corps, and if USPTO were to set procedures in place so that the same particular Examiner carries out both tasks (the searching and examining in ISA/US, and the searching and examining in the US national phase), this would likely permit the Examiner wearing the second hat to place trust in the work of that same Examiner who previously wore the first hat. But importantly this resolution recognizes that it is the USPTO that has close relationships with its internal stakeholders and with its contractors, and can doubtless best determine how to bring about such results; this resolution does not purport to suggest particular next steps.

EPO's way of achieving its "full faith and credit" result was and is simple. The EPO Examiner who is given the task of doing ISA/EP or IPEA/EP work is told, in no uncertain terms, that his or her work must be at the same quality level that his or her work would have been in the regional phase. The EPO assigns the same Examiner to both tasks. The internal quality reviews, training, resources, and compensation of the Examiner's international-phase work are the same as for regional-phase work. Were USPTO to make a commitment toward eventually "giving full faith and credit to its own work", there is every reason to think that EPO would be glad to share its practices and experience with USPTO toward these ends. USPTO would not, in other words, have to start from scratch, but could benefit from EPO's practices and experience.

## Past actions

The proposed resolution is consistent with past actions of the Association.

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- Resolution 702-10 favors “avoiding duplication of work and maximizing the exploitation of completed work by PCT Authorities.”
- Resolution 702-14 favors “maximizing the exploitation of such equal quality international searches and international preliminary examinations ... to avoid duplication of work by national and regional patent offices.”
- Resolution 702-15 favors “that International Search Reports ... be used for national-stage searches subject only to 'topoff' searches to address any amended or new claims and any intervening prior art.”
- Resolutions 702-16 and 702-17 each support “the USPTO bringing the quality of PCT processing to world-class level.”

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