

**ARTICLE:**

**COLLABORATION  
AMONG PATENT OFFICES:  
Maximizing the Use  
of Substantive Examination Results  
by Other Patent Offices**

**Manuel Desantes\***  
**and**  
**Sylvie A. Strobel\*\***

**I. Introduction**

This article assesses the present situation of patent offices around the world, identifies some desirable characteristics of a system maximizing the use of substantive examination results by other offices, and lists requisite conditions for such a system to function properly. Positive trends in harmonization, both national and international, are reviewed. Focusing on events that will yield tangible benefits for innovators in the shorter term, this article briefly surveys recent European achievements that further the objectives of mutual recognition, *i.e.*, cost reduction and simplified, easier access to broad geographic patent protection.

**II. The present situation**

It is a truism that the world is getting smaller. The twin phenomena of the age of information and the globalization of international trade have heavily contributed to this process of contraction, and they are converging to produce unprecedented pressures on all intellectual property systems.

In particular, the exponential growth of patent applications world-wide, and the broadening of the geographical protection coveted by users, are resulting in an excessive workload for patent offices and a corresponding increase in costs for applicants. In 2001, the EPO expects that around 160,000 applications will be filed, either through the PCT route or Euro-direct. This would constitute an increase of more than 100% in comparison

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\* Vice-President of Directorate General 5 – Legal/International Affairs; Professor of Private International Law at the University of Alicante.

\*\* Lawyer, International Legal Affairs Directorate.

to the number of applications filed in 1995. The latest figures show that almost 65% of all PCT international search and international preliminary examination work is performed at the EPO, and the Office is designated in 97% of all PCT applications.

At the EPO, as in all the other international authorities, these spiraling application rates bring considerable challenges to existing structures. As a result, there are increasing calls to align patent systems with these developments in international trade, and with the changing needs of users.

Globally, there is already significant sharing and use of substantive examination results between patent offices. Under the PCT, international search and international preliminary examination reports prepared by international authorities are put to good use by designated and elected offices, as a starting point for the grant of a regional or national patent; such searches and reports are also used by smaller national offices, sometimes even as the sole basis for grant in their jurisdiction. Efficiencies gained under the PCT procedure have been enormous from the point of view of the applicant. Certainly they have contributed to the current, world-wide tidal wave of patent applications.<sup>1</sup>

From a European perspective, some states either accept a European patent as the sole basis for the grant of a corresponding national patent,<sup>2</sup> or accept EPO substantive examination results, pursuant to either national law or office practice, as a starting point for the grant of a national patent.<sup>3</sup> The informal exchange and use of search and substantive examination results by smaller countries – which currently lack either the means, experience or infrastructure to provide quality examinations – is clearly a step in the right direction. Moreover, at the moment, it is possible to simply extend the effect of a granted European patent to six Eastern European countries.<sup>4</sup> All these countries operate on the basis of first-to-file patent systems compatible with the European patent system and thereby exercise their sovereign prerogative to avail themselves of EPO product.

Likewise, the use of substantive examination results from another office as a starting point for further work in one's own jurisdiction holds the potential for important increases in efficiency. In this respect, at the Trilateral meeting in Tokyo in July 2001, it was agreed

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<sup>1</sup> However, since this talk was delivered in July 2001, it must be mentioned that the EPO has undertaken a set of measures to help alleviate its workload problems. *Inter alia*, the PCT Assembly and the EPO Administrative Council have approved an amendment to the WIPO/EPO PCT Agreement permitting limitation of the EPO's competence as a PCT authority for international applications filed in non-EPC countries whose own national offices act as PCT authorities. Following this amendment, after consulting the EPO's Trilateral Partners, the decided to exclude for the coming three years the competence of the EPO as an International Authority for international searches and international preliminary examination in the fields of business methods and biotechnology, as well as its competence as an International Preliminary Examining Authority in the field of telecommunications, for PCT applications of US origin. These exclusions will be subject to a yearly review.

<sup>2</sup> Examples are Macao, and for European Patents designating the United Kingdom, Hong-Kong

<sup>3</sup> Eg: Argentina, Brazil, Chile, Mexico, Indonesia, Malaysia, the Philippines, Singapore and Vietnam.

<sup>4</sup> Albania, the Former Yugoslav Republic of Macedonia (FYROM), Lithuania, Latvia, Romania and Slovenia. Neither Albania nor FYROM have applied for an invitation to join the Organisation and will thus remain extension countries. The Federal Republic of Yugoslavia has signed an Extension and Cooperation Agreement in November 2001, the entry into force of which is expected in 2002.

to explore the ways in which the use of work performed by another office could be upgraded. In particular, the Trilateral Offices agreed to take measures to harmonize search and examination practices and to enhance mutual confidence in work performed by other Offices, *inter alia*, through providing standardized and collective training programs for examiners in the Trilateral Offices, as well as improved examiner exchanges. The Offices supported the improvement of electronic data exchange amongst themselves, as well as the study of the possible harmonization of formalities and data contents of search and examination results.<sup>5</sup> All these measures are intended to facilitate the mutual exploitation of work performed by each Office, and constitute an incremental advance on the way to “maximizing” the use of substantive examination results.

### **III. The issue at hand**

It is judicious to speak of “maximizing” the use of substantive examination results by other patent offices, in that it suggests a consideration of realistic, incremental increases in collaboration between patent offices – an “organic soup” rather than a “big-bang” occurrence. However, the real issue at hand is whether a quantum leap can be achieved, from the informal exchange or optional use of substantive examination results to mutual exploitation, where work performed by another Office would only need to be checked in areas where substantive laws differ, and then to binding, mutual recognition of such results.

Should this be accomplished among the three major international authorities of the world – the USPTO, JPO and EPO – this would establish a global patent system, in essence. One of these authorities would grant a patent and, at the will of the applicant, the patent would drop like a net over the greater part of the industrialized world.

In order to ensure the proper orientation of the first steps discussed here, it is necessary first to consider the issue in context and define the objectives to be achieved.

### **IV. Desirable characteristics of a global patent system**

The creation of a global patent system is an endeavor of mammoth proportions. Before further discussing this endeavor, it is appropriate to identify a few ground rules. Arguably, it can safely be said that the objectives to be achieved are clear: the creation of a world patent is a worthwhile endeavor if it promotes innovation and improves the lot of applicants world-wide. Therefore, any changes made to existing systems should strengthen rather than weaken the economic value and legal certainty of patents. The global patent should be of high quality, cheap to obtain and easy to enforce. The system should be free from discrimination – whether blatant or insidious – and should avoid injecting any distortion into the marketplace.

Furthermore, since the advent of a global patent system would herald a considerable relinquishing of the sovereignty of participating states over patent matters, it is inevitable

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<sup>5</sup> In San Francisco in November, the Trilateral Offices agreed to create a Strategic Working Group, dealing with medium/long term strategies for reducing workloads, and a Technical Working Group, which shall explore technical solutions to workload problems.

that participating states would wish to see certain guarantees built into such a system. Sovereign control over such an important aspect of economic policy can only be responsibly abdicated if the system proposed to replace national structures has sound legal foundations, a framework guarding against possible distortions or abuses, and the means of keeping the system on course while maintaining a workable consensus among the partners involved.

## **V. Requisite conditions for a global patent system**

### **A. Harmonization**

The first requirement would be a level playing field. This would imply harmonization in the practice of the granting authorities, including classification, databases, working tools, working languages, and methods of searching and substantive examination. Also necessary would be harmonization of the granting procedure itself and substantive patent law encompassing all the conditions of patentability, including novelty, inventive step, patentable subject-matter, sufficiency of disclosure, and issues of entitlement. This list is not exhaustive; it would also extend to post-grant rules governing validity, revocation proceedings and enforcement.

To illustrate the importance of this general principle, no European company would want to attempt to enforce its EPO-granted global patent, only to learn that an American company benefiting from the Hilmer doctrine has been granted a patent on the same invention by the USPTO – both patents being valid on a global basis.

### **B. Guarantees against discrimination**

For the system to operate soundly, it would require guarantees against discrimination, as well as rules entrenching the principle of an equal presumption of validity of patents issued under a system of binding mutual recognition of substantive examination results.

No American company would wish to litigate a patent in Europe, only to have a national or a European court hold that since its world patent bears the seal of the USPTO, it benefits from a lower presumption of validity than it would have enjoyed had it been granted by the EPO – or *vice versa*.

### **C. International coordination and quality control**

For such guarantees against discrimination to be warranted, the third requirement would be the securing of uniform practices and consistent quality. This would entail creating structures of international coordination and quality control, with binding supervisory powers over the activities of participating patent offices.

Furthermore, certain structural imbalances would have to be addressed. For instance, only roughly one-third of national first-filings in Europe lead to a European patent application, the substantive examination results of which would presumably be eligible for mutual recognition or global patent status. A lot of “dead wood” is thereby removed so that the European patent system benefits from a sort of automatic filter, in contrast to Japan and

the United States, where the entire first-filing base would give rise to substantive examination reports eligible for mutual recognition abroad.

#### ***D. Consequences***

The consequences of these requirements are obvious: a global patent would mean that no state or group of states could consider the patent system as a tool to influence domestic economic policies falling within the jealously guarded province of its national sovereignty. For instance, the U.S., Europe, Japan and the rest of the world could no longer agree to disagree about the patentability of business methods. A consensus – whatever it might be – would have to be reached. Also, individual states would no longer be free to manage their granting authorities as they see fit, electing to adapt certain work methods or procedures to respond to changing conditions, without consulting their global partners.

## **VI. Positive international trends**

A global patent system is a tall order, but it is possible to envision several routes towards the prized goal. Indeed, the first modest steps are already being taken, with progress being made slowly but surely on several fronts. In many ways, the patent landscape is becoming more uniform. Although there remain significant differences across national boundaries and between patent cultures, there is an encouraging tendency towards convergence in patent systems world-wide.

This section touches on these developments – even if they are not specifically related to the issue of mutual recognition of search and examination results – simply because they indicate that the incremental transformation of patent systems world-wide has begun.

### ***A. PCT and TRIPs***

The PCT, which has created a world-wide filing system, together with some degree of internationalization of search and examination, is an overwhelming success story. Meanwhile, the TRIPs Agreement has initiated world-wide approximation of substantive patent law and improved both the conditions of access to patent rights and their enforcement in many countries. The interaction of these two treaties is certainly partly responsible for the heightened awareness of the strategic value of patent rights in the context of international trade, and for the corresponding growth in filing activity world-wide. In this respect, these two treaties helped open the floodgates. They are certainly at the root of the current rethinking of international patent systems.

### ***B. Patent Law Treaty***

The Patent Law Treaty 2000 (“PLT”), concluded in Geneva last year, has brought user-friendly harmonization of several aspects of filing formalities. The standardization, harmonization and simplification of the formal requirements for filing a patent application are certainly desirable, constituting a welcome step in the right direction. Considerable improvements for multinational players include the possibility of submitting an application on a standardized form, easier acquisition of a filing date even if the application is in a

foreign language, and the elimination of the requirement of local representation for the initial filing of patent applications and the payment of fees. Increasingly, multinational players are not just the tentacled corporate giants usually associated with international trade, but can be yesterday's smallish start-up company operating via the Internet and international courier companies.

Nonetheless, the ambit of the PLT was limited to formalities; issues of substantive patent law harmonization were scrupulously avoided throughout the course of its negotiation.

### ***C. Substantive Patent Law Treaty***

The avoidance of substantive issues is partly what makes the current developments under the re-launched, so-called Substantive Patent Law Treaty ("SPLT"), in the process of being negotiated under in the Standing Committee on Patents at the WIPO, so remarkable. The Basic Proposal for a Patent Law Treaty – containing the makings of a balanced compromise and wrangled over for more than eight years – had been gathering dust in a drawer since 1991, when the US announced that it had lost interest in pursuing its conclusion. Now, not only has substantive patent law harmonization been taken up once again, but the Standing Committee on Patents is pursuing the objective of "deep substantive harmonization" – precisely the kind which would be required in order to be able to adopt some form of mutual recognition of search and substantive examination results. Even though the last meetings have shown that a "continental divide" amongst the delegations remains tangible, at least efforts are ongoing in earnest. This in itself is very positive.

## **VII. Positive national trends**

With the exception of the polemic regarding the patentability of business-methods, which emerged in recent years,<sup>6</sup> the U.S., Japanese and European patent systems appear to be slowly drifting towards a common middle ground. In some cases, differences are no longer so much matters of principle, but of degree. For instance, recently enacted amendments to the Japanese Patent Law shorten the period for requesting examination from seven years to three years from filing – in effect eliminating the deferred examination system. Moreover, new guidelines at the JPO allow computer programs to be patented as such, aligning the JPO's practice with that of the USPTO.

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<sup>6</sup> In practice, this difference is probably smaller than it is perceived to be. Nevertheless, it denotes a deep philosophical and systemic chasm between the approach to patentable subject-matter in the US ("anything under the sun made by man") and that in Japan and Europe ("inventions" having a technical character). As mentioned, this issue would have to be resolved if binding mutual recognition of substantive examination results were to be achieved. On the other hand, if there were irreconcilable differences on this point (regarding the SPLT negotiations, see WIPO Document SCP/6/9, comments on draft Article 12 and Rule 13), a TRIPS-aligned minimum standard, allowing Contracting Parties to expand their definition of patentable subject-matter if they so wished, might be preferable to failure of the Treaty altogether. Then, however, a filtering process in certain classification categories would be necessary, with a corresponding loss of efficiency in the system.

Meanwhile, in the wake of the Revision of the European Patent Convention of November 2000, the EPO will be able to adopt the new BEST procedure office-wide, thereby bringing its overall examination procedure several fundamental steps closer to that practiced in the patent offices of its Trilateral partners. In addition, the EPO is allowing Beauregard-type claims, bringing its practice regarding the patentability of software inventions closer to that of the JPO and USPTO.

Finally, the U.S. has implemented the 18-month publication of applications, albeit exempting purely domestic applications from the purview of these new provisions.

Taken individually, perhaps none of these changes at a national or regional level may materially accelerate the maximization of use of substantive examination results by other patent offices *per se*. But they deserve to be mentioned, as they all constitute a positive evolution towards a more user-friendly global patent system.

### **VIII. Conclusions regarding mutual recognition**

The view from Europe is that binding, mutual recognition of search and substantive examination results remains a remote, complex, long-term objective. If a global patent system is to fulfill its purpose, it will come with a price tag. Many different rules arranged in different ways are capable of producing excellent results, provided that they are carefully built into a coherent system. One must have the imagination to peer over the fence at a neighbor's laws, practices and customs, and see how they can be accommodated with one's own. The finding of middle ground will involve compromise, in this case on both issues of national sovereignty and the harmonization of substantive patent law.

It is entirely appropriate that this current long-term pursuit of substantive patent law harmonization under the SPLT be undertaken concurrently with initiatives directed to less ambitious objectives with more immediate returns. Take, for example, the recent agreement among Trilateral Offices to explore measures to allow for the mutual recognition of search and examination results (alluded to earlier). In the past, Trilateral projects on concurrent search, for instance, taught us many things about how the other partner offices operate, and have also constituted a testing ground followed with interest by users of the system.<sup>7</sup> However, until the patent offices harmonize novelty requirements, definitions of the prior art and searching methods, it is difficult to fathom that the sharing of substantive examinations effected on the basis of heterogeneous search procedures will completely avoid duplication of work by the Trilateral partner offices.

### **IX. More immediate improvements in Europe**

Meanwhile, from a European perspective, the goals which have been expressed in connection with a global patent, such as cost reduction, greater access to world markets and simplification of broad geographic patent protection, are being pursued through several focused initiatives. At the moment, Europe is a veritable hotbed of activity in this respect.

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<sup>7</sup> Even though at times there may have been some difficulty in getting users to actually take part in these projects!

Further harmonization and integration is proceeding within the European Patent Organization, as it is poised to welcome 10 further member states,<sup>8</sup> which will bring its numbers to 30 member states as of mid-2002. In the near future, it should be possible through the filing of a single European patent application to obtain patent protection in up to 33 European countries: in the 30 member states, and in 3 extension countries.

The ongoing efforts towards the creation of a unitary Community patent valid in all the EU-member states, should they bear fruit,<sup>9</sup> would achieve greater integration of the European market. A Community patent would also render protection more affordable, and simplify the enforcement of patent rights in Europe.<sup>10</sup>

Likewise, the signing by ten countries, including France, Germany and the United Kingdom, of the optional Agreement on the translation of European patents, concluded in October 2000,<sup>11</sup> is a momentous step forward. Once it enters into force, potentially, this Agreement could achieve a 50% reduction in the validation and translation costs of European patents.<sup>12</sup>

Finally, the Intergovernmental Conference's Working Party on Litigation has been requested to draw up an optional Protocol in treaty language allowing for the creation of an improved litigation system for European patents. This will probably feature regional courts of first instance, with appeal to a specialized central European court. Work is progressing quite rapidly on this front.

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<sup>8</sup> These are: Bulgaria, the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Romania, Slovenia and Slovakia.

<sup>9</sup> The Community patent has been pursued for over 30 years now. The Community Patent Convention, concluded in 1975, failed to be ratified by a sufficient number of countries to enter into force. The Agreement on the Community Patent of 1989 met with the same fate: the translation requirements were perceived to be too costly and the proposed judiciary system did not appear to offer sufficient legal certainty. Under the current effort, the Community patent would be created through the adoption of a Community instrument, an EU Regulation requiring unanimity in the Council of Ministers, and directly applicable in all the EU member states. However, should the Regulation be adopted, it would be possible to extend the effects of Community patents to non-EU States which are members of the European Patent Organisation, through the conclusion of bilateral agreements between those countries (Cyprus, Liechtenstein, Monaco, Switzerland and Turkey) and the European Union.

<sup>10</sup> The full text of the proposed EU Regulation on the Community Patent is avail. at: [http://europa.eu.int/comm/internal\\_market/en/indprop/412en.pdf](http://europa.eu.int/comm/internal_market/en/indprop/412en.pdf).

<sup>11</sup> Known now as the "London Agreement".

<sup>12</sup> The Agreement has been signed by Denmark, France, Germany, Liechtenstein, Luxembourg, Monaco, the Netherlands, Sweden, Switzerland and the United Kingdom. Under the agreement, those signatory states having an official language in common with the EPO will not require any post-grant translation. The remaining signatory states will choose one official language of the EPO in which the description will have to be available, and only the claims will have to be translated into the language of the designated state. All signatory states will remain free to require that a full translation be produced in case of enforcement of the patent. The Agreement will enter into force once it has been ratified by 8 states, including France, Germany and the United Kingdom, which experts predict will take between 3 and 5 years.

## **X. Conclusion**

The world may not be ready just yet for mutual recognition of substantive examination results or a global patent, but the exploration of measures agreed to by the Trilateral partners to facilitate the mutual exploitation of substantive examination results is a positive development in that direction. Moreover, the regional developments described above should go a long way towards improving the prospects of applicants from around the world, in terms of obtaining and enforcing patent protection in Europe.